



FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 27.915

Saturday July 14 1979

**20p

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NEWS SUMMARY

GENERAL

Death threat in Ankara siege

Turkish marksmen last night took up positions behind armoured cars opposite the Egyptian Embassy in Ankara where four Palestinian guerrillas were holding about 20 hostages under threat of death. As dusk fell after a day of drama powerful searchlights were set up around the embassy, taken over by the guerrillas in a bloody raid in which two Turkish security guards were reported to have been shot dead.

An extremist Palestinian group, called the Eagles of the Revolution, issued a statement in Beirut saying its men had carried out the attack against "the treacherous Egyptian regime."

BUSINESS

Equities off 3.2; Gilts easier

EQUITIES eased on inflation fears aroused by June's retail price index, the government of a mortgage rise failing to inject buying enthusiasm. The FT 30 share index closed 3.2 down at 466.6.

GILTS suffered from a continuing lack of investment interest, the Government Securities Index closing 0.56 down at 12.34.

Revenue search

The home of Mr. Tam Beynon, the new Tory MP for Abingdon, was searched by Inland Revenue officials under warrants taken out because of suspected tax fraud. Back Page

Abortion vote

Mrs. Thatcher, the Prime Minister, was among those who voted for a Private Member's Bill designed to prevent abortions under the abortion law, which was given a second reading by 342 votes to 25 in the Commons.

BSC 'misjudged'

The BBC's director-general Ian Trethowan said last night that the corporation had "clearly misjudged" the emotional impact of its controversial interview with the terrorists who claim to have assassinated Tory MP Airey Neave.

Rome killing

The Red Brigades terrorist group intensified its campaign of violence when gunmen assassinated a senior officer in the para-military Carabinieri police in the centre of Rome. Page 2

LV statement

With the Government encouraging companies to move away from providing perks for their employees it would be wrong to increase the value of luncheon vouchers. Mr. Peter Rees, Treasury Minister of State, told the Commons.

More executions

Six men were executed in Tehran charges that included the setting up of brothels and illicit gambling dens. In Abadan gunmen opened fire on a peaceful protest march wounding three Arabs. Page 2

Britain leads

Great Britain took a 2-0 lead in the Davis Cup match against Spain at Eastbourne when Buster Mottram thrashed 109 ranked Spaniard Jose Higueras 6-2, 6-3, 6-0 and John Lloyd justified his selection by beating Manuel Orantes 7-5, 6-1, 3-6, 6-2. Page 11

India struggling

At the close of play on the second day of the Cornhill Test at Edgbaston, Birmingham, India had lost two wickets for 59 runs in reply to England's 632 for five declared. Page 11

Briefly...

Prince Andrew will say goodbye to his schoolfriends on Monday when he leaves Gordonstoun after a six-year stay. He is to join the Royal Navy.

Judge Mervyn Griffiths-Jones, Common Sergeant of the City of London since 1964, died in a London hospital, aged 70.

Los Angeles Superior Court jury awarded damages totaling \$530,000 against Jaguar Rover Triumph to family of man who died when his Jaguar XJ6 was involved in a collision. Page 2

CHIEF PRICE CHANGES YESTERDAY

RISES	
Furores Withy	281 + 7
Benthor A	45 + 5
Imp. Con. Ind. Gas	54 + 5
P and O Drd.	102 + 4 1/2

FALLS	
Tresport. 30c	78.88 - 2.4
Excheq. 12 1/2c	1989 - 1
A £140 pc.	5411 - 1
Abercorn	80 - 6
EB and EA	118 - 1
Delfan	146 - 5
Dowly	207 - 5
Eurotherm	216 - 12
Fogarty (E)	258 - 17
Havthorn Leslie	50 - 4

Home loan relief for Ministers—but inflation likely to increase

Building societies delay record 12 1/2% rate until January

BY MICHAEL CASSELL

The building societies yesterday announced a record 12 1/2 per cent mortgage rate, but recommended that it should not take effect until next January.

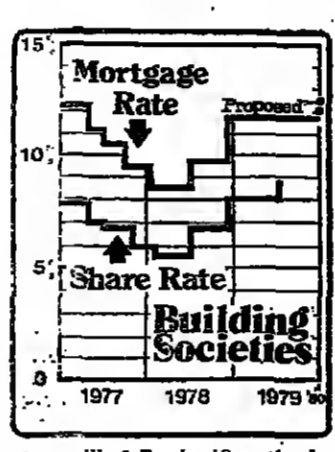
The decision to delay the 1 per cent rate increase was greeted with undisguised and intense relief by Ministers who, after last week's attempts to get any changes postponed, had resigned themselves to an immediate rise in the cost of home loans.

The ordinary share rate for investors will rise from 9 per cent to 8 1/2 per cent from August 1. This is not as high as many societies wanted. It is expected that the improved rate will help to push up the present low level of receipts.

Mr. Michael Heseltine, Secretary for the Environment, said the societies had been "ingenious" in the solution they had adopted.

Mr. Nigel Lawson, Financial Secretary to the Treasury, warned that as long as interest rates had to continue at present levels, the danger of a rise in mortgage rates next year remained.

But he added: "The sooner the Government's monetary and fiscal measures start to produce results, the sooner interest



rates will fall significantly by the end of the year. That is not a prophecy, that is a hope.

If we do find interest rates are "substantially lower and that we can recommend a lower structure, we will have no problem in overturning today's decision. But if domestic or international circumstances maintain or even increase present interest rates, then that situation will also be a factor to be considered."

The societies' highly unusual move, which is bound to lead to speculation that their decision was materially affected by a desire to enjoy a good rate.

Continued on Back Page

New tap aimed at top taxpayers

By Peter Riddell, Economics Correspondent

A NEW fifth gilt-edged stock is to be issued next week by the Bank of England.

The main reason for issuing the new stock—3 per cent Exchequer 1984—is to help the refinancing of three existing low coupon loans which mature between mid-September and mid-November. Several hundred million pounds of these stocks are still in the hands of the market.

Low coupon issues appeal primarily to higher rate taxpayers who are more interested in capital gains on the stock, which are free of tax if held for more than a year, than in immediate income.

The reduction in the higher rates of income tax in the Budget reduces, rather than eliminates, this attraction.

The issue is not a funding exercise in the usual sense though any sales above those required to refinance the existing stocks will help to finance Government borrowing.

The authorities are not issuing any more conventional tap stocks at present both because funding is well in hand and because the money markets are already fairly tight.

The stock is being offered for sale by tender at a minimum price of 97 per cent. The full amount has to be subscribed by 10 am on Thursday.

The gross redemption yield is 8.67 per cent while the flat yield is 3.90 per cent.

The net (after tax) redemption yield for someone paying income tax at 45 per cent (including the investment income surcharge) is 7.30 per cent; at 60 per cent it is 6.77 per cent; while at 75 per cent it is 6.25 per cent.

The hope is that the stock will appeal to holders of the existing low coupon issues and permit orderly refinancing.

The previous issue of low coupon stock was £600m of 3 per cent Exchequer 1981 in October 1977.

£ in New York

	July 13	Previous
Spot	163.280	163.000
1 month	163.000	162.750
3 months	162.750	162.500
6 months	162.500	162.250
12 months	162.250	162.000

Price rises climbing towards 15%

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE INFLATION rate has accelerated in the last few months, largely as a result of higher oil and food prices. The impact of the Budget measures has not yet worked through to the retail price index.

Department of Employment figures published yesterday show that the index rose by 1.7 per cent to 219.6 (January 1974=100) in the month to mid-June.

This indicates a rise of 11.4 per cent in the past year compared with one of 10.3 per cent in the year to mid-May. It is the eighth consecutive month in which the 12-month rate has risen.

The Budget measures, chiefly the rise in value-added tax, are officially expected to add about 4 per cent to the index. Most of the impact will be reflected in the mid-July figures.

After taking account of other price rises and the small increase last July it is likely that the 12-month rate will jump to above 15 per cent.

The rise in the index in the month to mid-June was the result of increases in the prices of food, particularly milk, meat and bread, and of petrol and cars. These items accounted for roughly half the rise.

Mortgage interest payments also increased slightly because the cut in the basic rate of income tax in the Budget means that the value of mortgage tax relief has fallen.

Price rises due to show up from now include petrol, paraffin, gas and electricity charges, and London Transport bus and Underground fares. These should be partly offset by an expected fall in the cost of freshly produced food during the summer.

Seasonal food prices rose by 3.2 per cent last month, representing an increase of 14.2 per cent over the last 12 months and of 36.25 per cent since last October.

The rise in the underlying rate ahead of the Budget is best indicated by the increase in the index for all items except seasonal foods over six months, but expressed at an annual rate. This stood at 14.4 per cent in mid-June, compared with 12.2 per cent in the previous month and 8.9 per cent a year ago.

The Treasury has forecast that the 12-month rate for the all-items index will rise to 16 per cent by the late summer and 17.5 per cent by November. The Government hopes that when the one-for-all impact of the VAT rise is out of the comparison the 12-month rate will fall to 13.5 per cent by late summer, 1980.

This prospect depends on the future level of sterling and on pay settlements in the coming year, as well as on the extent to which local authorities and public corporations respond to public-spending cuts by raising rates and charges.

Some leading forecasters believe the Treasury projections are too pessimistic in view of the strength of sterling. The pound has risen by 5.25 per cent on average since the Budget and that will help to curb inflation. But this will be offset by the rise in the oil prices and by the impact on food prices of the proposed devaluation of the EEC "green pound."

The likely acceleration in the inflation rate this year accounts for the urgent desire of ministers to produce a standard-of-living index, to show the impact of income tax cuts as well as of higher indirect taxes.

This is causing considerable statistical difficulties. At present it seems likely that there will be some form of prices index adjusted for tax changes rather than a monthly index of disposable incomes or real earnings. They may be a series of indicators rather than a single index in order to show the impact on various types of households. Such an indicator would appear alongside the retail price index and could be published within the next couple of months.

Fall in industrial output indicated Page 3
Editorial comment Page 16

U.S. lifts grounding order on all DC-10 aircraft

BY DAVID BUCHAN IN WASHINGTON

THE U.S. Federal Aviation Administration has lifted its five week grounding order on the 133 DC-10 aircraft registered in the U.S. and said that foreign-registered DC-10s could start flying to the U.S. at once.

Some U.S. airlines began DC-10 flights yesterday. The two UK operators, British Caledonian and Laker, start again today.

Mr. Lawrence Bond, the FAA administrator, said yesterday he planned to take one of the first DC-10 flights. The aircraft was "quite safe," and tougher and more frequent inspection, and eventual redesign by McDonnell Douglas, the aircraft's manufacturer, of the engine pylon would keep it so, he said.

Mr. Bond said the FAA had carried out its biggest inquiry ever into an aircraft's safety after an American Airline DC-10 crashed at Chicago on May 25 with the loss of 278 lives.

The FAA grounded all U.S. DC-10s on June 6 after discovering cracks in other aircraft.

In a statement yesterday the U.S. agency said: "The investigation showed that the DC-10 properly maintained and inspected, is a safe aircraft."

It noted that in spite of two tragic crashes, outside Paris a few years ago and at Chicago, DC-10s had made 1.5m landings and take-offs, and clocked more than 4m flying hours.

The FAA is ordering tougher inspection checks, varying between every 100 and every 3,000 flight hours, on the aircraft in the U.S. and is calling on McDonnell Douglas to redesign certain prior elements within two years.

Mr. Bond rejected suggestions that he was putting back into the air an aircraft which is "structurally unsound. He said the requested pylon redesign was to make such frequent inspections unnecessary, because it was felt that over the 15-year life the DC-10 still has before it, inspection procedures by airlines were being relaxed.

The FAA would accept the inspection procedures carried out by foreign aviation authorities, even though these were somewhat different from those now required by the FAA.

Resumption of operations by individual airlines would depend on when "return-to-service" checks were completed. By midday yesterday about 100 of the 338 U.S.-registered DC-10s had passed these tests.

U.S. DC-10s will now have to spend more time on the ground being inspected, but Mr. Bond considered that the U.S. airlines could avoid any disruption in service by scheduling these checks for off-peak hours.

Estimates about the cost to those eight airlines of the June 6 grounding order vary widely, from \$2.5m to more than double that for each day the aircraft remained out of service.

Mr. Michael Dome writes: British Caledonian will dispatch a DC-10 from Gatwick today to Houston, while Laker will restore DC-10s to its low-fare Skytrain flights to New York and Los Angeles.

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Where no one's a stranger

Mrs Thatcher in Rhodesia talks

BY RICHARD EVANS AND DAVID TONGE

KEY ELEMENTS in any future British plan to return Rhodesia to legality were discussed in talks yesterday between Mrs. Margaret Thatcher and Bishop Abel Muzorewa, the Rhodesian Prime Minister.

The talks were seen as part of continuing consultations which will lead to a British initiative on Rhodesia after the Commonwealth conference in Lusaka next month.

Before the Downing Street discussions legal protection from prosecution was given to the Bishop in an extraordinary move initiated by the Government.

An order approved by a Privy Council meeting at Buckingham Palace attended by three senior Ministers gave protection to anyone invited to Britain to discuss a Rhodesia settlement.

Although the Bishop was not named in the Order in Council, which is subject to Parliamentary approval with 28 sitting days, the purpose was to neutralise a threatened arrest which could have arisen out of proceedings brought at Bow Street yesterday.

The Anti-Apartheid Movement sought one writ for treason against the Bishop and another for murder following the execution of a black Rhodesian last January for involvement in guerrilla recruitment.

Bishop Muzorewa's talks with Mrs. Thatcher followed discussions with Lord Carrington, the Foreign Secretary, and with the Opposition.

The Government did not put any special proposals to the Bishop, though it did make clear the burden of the findings of its envoy, Lord Harlech, on the criticism of the present constitution. Some progress was apparently made in isolating the ingredients necessary for a possible agreement. British

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Travel	19
TV and Radio	14
UK News	1
General	2-3
UK Trusts	27
Weather	28
Year's Savings	7
Base Lending Rates	26
Building Soc. Rates	26
Local Auth. Bonds	26
UK Convertibles	26
OFFER FOR SALE	
M 2 Group	4
Save & Prosper	6
Julian Gibbs	6
Temp. Life	7
Brit. Annua Services	7
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OVERSEAS NEWS

Carter consults the people over energy proposals

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

PRESIDENT CARTER has added an extraordinary populist twist to his final preparations for his Sunday night address to the nation on energy and economic policy. On Thursday night and again yesterday morning, he slipped quietly away from the Presidential retreat at Camp David, unnoticed by the Press, in search of advice from ordinary working class people. The Thursday session found him in the back garden of a 29-year-old machinist from Carnegie, Pennsylvania, discussing this and that with a handful of neighbours. At the evening, arranged by his pollster, Mr. Patrick Caddell, reportedly Mr. Carter did not give much away about what he is planning to say on Sunday night. But at least he won a few converts to his view that the energy crisis is real. He also heard a fair bit about disillusionment over where the country is heading.

Yesterday morning, he travelled to Martinsburg, West Virginia, a short distance from Camp David, to meet a retired paraplegic Marine officer and his friends. That he needs to sell this message to a larger audience was made clear in the latest public opinion poll, compiled by the New York Times and CBS news and issued yesterday. Even after two months of widespread shortages of petrol, only 26 per cent of those canvassed believed the oil shortage was real: 66 per cent still felt the public was simply being told there was a shortage. Bieme, the poll found, was heavily directed at the oil companies and, increasingly, at OPEC. But the effect for Mr. Carter was just as dire: public approval of his performance as President dropped to 26 per cent from the 30 per cent recorded in the previous poll in April with the fall in his popularity spread

evenly among almost all demographic groups. One extrapolation of the poll data was that Mr. Carter was now running no better than even with Governor Jerry Brown from California, a potential challenger for the Democratic Presidential nomination next year. He is also, of course, miles behind Senator Edward Kennedy of Massachusetts. Compounding Mr. Carter's problems, however, is the admission by his Administration that the U.S. will suffer an economic recession this year and is, in fact, probably already in the throes of it. Reuter adds from Atlanta: Mr. G. William Miller, chairman of the Federal Reserve Board, said yesterday that he did not think it was appropriate to change economic policy at present. He advocated a "steady as you go" approach, and a disciplined monetary policy by the Federal Reserve

Eanes to dissolve Portuguese Parliament

By Our Lisbon Correspondent

PRESIDENT Antonio Ramalho Eanes, of Portugal, met the country's military watchdog body, the Revolutionary Council, yesterday and issued a statement recommending the dissolution of Parliament and early elections. The meeting followed attempts by the President to resolve a five-week-old political crisis caused by the resignation of Prime Minister, Carlos Mota Pinto, when he clashed with Parliament over an austerity budget.

Yesterday Sr. Mario Soares, the Socialist leader and former Prime Minister, had a meeting with President Eanes to try to persuade him to let the Socialists, with 101 seats in the 263-seat Assembly, form a Government.

Sr. Soares was hoping for support from 36 Social Democratic dissident deputies to give him a Parliamentary majority. Elections this autumn will be a heavy burden for the country, as three sets of elections are due by January 1981.

Uganda investment

President Godfrey Binaisa of Uganda yesterday welcomed foreign investment in the country but said the Government would participate, Michael Holman reports from Entebbe. The President left for the OAU summit in Liberia as truckloads of Tanzanian troops continued to leave Kampala for home.

Turkish loans

The Turkish Central Bank signed two loan agreements totaling \$836.3m with a group of international banks in London yesterday, as part of a programme to help solve the country's foreign currency shortages, our correspondent writes.

New Swiss rules

The Swiss Government is to introduce stricter limits for vehicle emissions than those laid down by the Economic Commission for Europe (ECE), John Wicks reports from Zurich.

Nigeria vote

Nigerians vote today in the second round of general elections with the National Party of Nigeria the winner of round one, Mark Webster reports from Lagos.

Red Brigades kill police chief

BY RUPERT CORNWELL IN ROME

THE OUTBREAK of violence in Italy intensified yesterday as a Red Brigades commando group ambushed and assassinated a senior officer of the paramilitary Carabinieri police in the centre of Rome.

Col. Antonio Varisco, 52, Commandant of the police detachment at the Rome Central Courts, was attacked as he was driving along the Tiber embankment from his home. Two other vehicles drove alongside his car and gunmen inside fired a volley from automatic rifles.

Within two hours, the Red Brigades claimed responsibility

in a telephone call to ANSA, the Italian news agency. Col. Varisco's death comes barely 24 hours after the Mafia-style killing in Milan of the lawyer investigating the collapse of the financial empire of Sig. Michele Sindona.

Col. Varisco is the 24th person and the fifth police officer to die at terrorist hands this year in Italy. His death brings to an abrupt end a period in which a co-ordinated police onslaught seemed to be breaking up the Red Brigades' other terrorist groups.

The colonel's name was on a

"hit list" discovered by police in Red Brigade hideouts in Rome recently. The caller to ANSA claimed that the terrorist group had "executed the right hand man of Gen. Dalla Chiesa" (the officer heading the special anti-terrorist police unit).

The incident has added fresh impetus to the efforts of politicians to find a solution to the Government crisis. Sig. Bettino Craxi, the Socialist leader and Prime Minister designate, is due to report back today to President Pertini on his first round of contacts with other parties.

After a polite, and by no

means entirely negative, brush-off from the Communists, Sig. Craxi is now concentrating on forming a four-party coalition of Democrats, Socialists, Social Democrats and Republicans. There are a few signs of cautious optimism now to be discerned.

The main obstacle remains the Christian Democrats, in a state of turmoil over the possibility of losing the Prime Ministership after 24 years. Signs were that the party would not vote Sig. Craxi's bid at this stage, but wait for detailed proposals on a new Government programme next week.

Interest rate moves worry U.S.

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT, IN BRUSSELS

RECENT MOVES in Europe towards more restrictive monetary policies were greeted with undisguised concern yesterday by a senior official of the Carter Administration, who expressed fears that they could lead to new exchange rate instability and dampen economic growth.

Mr. Richard Cooper, U.S. Under-Secretary of State for International Economic Affairs, said he was particularly worried that the rises in key German interest rates announced by the Bundesbank this week could trigger off a fresh flow of money from the dollar into the Deutsche Mark.

He warned after talks here with officials of the EEC Com-

mission that Europe and the U.S. must take care not to embark on a race to raise interest rates when their economies were facing difficult problems as a result of OPEC oil price increases.

Authorities on both sides of the Atlantic must continue to co-ordinate their economic and monetary policies closely, he said, though that did not mean that they must always pursue identical policies.

Mr. Cooper was apparently able to satisfy the Commission that the U.S. Senate would give its assent before the summer recess to President Carter's Trade Bill, which contains the

agreements on trade liberalisation measures negotiated in the GATT world trade talks.

The Commission is understood to fear that the deepening recession in the U.S. will give rise to fresh protectionist pressures, and that unless the GATT package can be tied up quickly, it may have to be postponed indefinitely.

Mr. Cooper gave no precise indications of the likely contents of President Carter's planned energy message due on Sunday, though he said that its full impact would mature only over a number of years, suggesting that it might have no immediate effect on U.S. energy consumption.

Clash over W. German fuel prices

By Roger Boyes in Bonn

DEUTSCHE BP has decided to raise the price of petrol and heating oil again—and has immediately provoked sharp criticism from leading West German trade unionists and consumer rights activists.

Both Herr Eugen Loderer, chairman of the powerful IG Metall union and Herr Thomas Scheller, of the German Consumers' Association, have accused the oil companies, including Deutsche BP, of profiting unduly from the oil crisis and of eroding consumer's incomes and of "creating social discontent."

The Deutsche BP move will increase the price of petrol by 5 pfennigs a litre and the price of domestic heating oil by 2 pfennigs from next week—thus pushing both super and normal grade petrol to more than DM 1.20 a litre (€1.14 a gallon). The other oil companies are expected to follow suit.

Deutsche BP has stressed that the price rise was made inevitable by the OPEC increase in Geneva earlier this month.

Belgrade price up

THE Yugoslav Government yesterday announced a 35 per cent rise in petrol prices, bringing the cost of four star to YD 12.50 a litre, or about £1.40 a gallon. AP reports from Belgrade. Diesel fuel and heating oil prices are to go up, with an 84 per cent rise for paraffin.

Gloomy outlook for French jobs

BY TERRY DODSWORTH IN PARIS

THE FRENCH employment market has been given only a marginal stimulation by the normal seasonal demand expected in summer, according to the latest monthly figures from INSEE, the national statistical office.

This indication of yet a further deterioration in the French employment situation emerged yesterday at the same time as a study underlining the failure of French industry to create new jobs in the last few years.

The figures provide a sombre confirmation of the warnings given by the Government at the

beginning of the year that unemployment was likely to worsen. On the basis of the uncorrected statistics, unemployment declined slightly from 1,258,900 in May to 1,253,900 in June. But corrected for seasonal variations, this amounts to a 1.2 per cent increase on the previous month, to 1,322,900 unemployed. Over a 12 months period it represents an 18.4 per cent increase in unemployment.

A further deterioration is expected in the next few months, as school leavers come on to the register. The Government has already taken steps to absorb some of the effects of this increase by special job-

creation measures in industry, but it will still make some impact.

Longer-term unemployment problems are underlined in a second INSEE report which shows that France is adding a net 350,000 people to its working population every year.

These newcomers to the labour market will be difficult to absorb. During the past five years, the country has produced a net increase of only 340,000 new jobs at an annual average growth rate of 0.4 per cent, against 1,836,000 in the previous five years, at a rate of 2.3 per cent.

Pauline Jackson in Tehran reports on discontent among Iranian Arabs.

A threat to the pipelines

THE Government of Iran appears to be making no effort to come to grips with the Arab problem in the South which is now threatening the nation's vital oil industry.

The execution of three prostitutes made head line news in Iranian newspapers on Thursday. But there was no word on how the regime is proposing to prevent further sabotage in the oil industry either by improving security or by negotiating with the Arab dissidents.

Meanwhile, the situation in the southern oil province has deteriorated. Saboteurs have blown up a railway bridge and attacked the Navy headquarters, the Governor's office and the port and customs offices in Khorramshahr, as well as radar installations at nearby Shadegan, a small village nearby.

The brother of Sheikh Shobeir Khasani, the Arab spiritual leader, reported in a telephone conversation on Thursday afternoon "Khorramshahr has been in a state of confusion and chaos since last night. Explosions and machine gun fire could be heard throughout the night and even this morning."

It is feared that a continuation of the unrest will lead to more attacks on Iran's oil pipelines. During the last week eight of Iran's oil and gas lines have been put out of action by explosions, now definitely believed to be the work of Arab saboteurs.

A guerrilla group called the "Black Wednesday" claimed responsibility for the first explosion on the Agha Jari crude oil line last Saturday. The massive conflagration that followed the explosion spread to two gas lines, two oil product lines and two other crude lines—putting all out of action. It is believed that the same group was behind the explosion that ruptured the Ahwaz-Amadan crude line just after midnight on Tuesday.

Officials of the National Iranian Oil Company say that the explosions have not affected Iran's oil exports, which for the last month have averaged 3.3m barrels a day, only slightly lower than the Government target of 3.4m b/d. After the first explosion officials at the Ahbadan refinery reported that throughput at the refinery had dropped from 550,000 to 100,000 b/d. As a result, there might be some domestic fuel shortages. They have not given any information about the effect of the second



Production unit at Caehsaran oilfield in southern Iran.

Gunmen shoot protesters

ABADAN: Gunmen opened fire from rooftops on a peaceful protest march in this Iranian Gulf oil city yesterday, wounding three Arab demonstrators.

The gunmen were understood to be Islamic revolutionary guards. There was firing in the air as a crowd of 3,000 Arabs demanding

self-rule for Khuzestan province approached a central square. Three demonstrators fell wounded, one with a bullet in the leg, another hit in the arm and the third hit with a glancing blow to the head. None was seriously wounded and all refused to be taken to hospital for fear of arrest by Islamic guards. Reuter

explosion and the rupture of the Ahwaz-Amadan line which was also carrying crude for the Abadan refinery. Oil men have cast doubts upon these statements. They say that production had not been 550,000 b/d for some time and was nearer to 430,000 b/d in recent weeks. Whatever the damage, it would anyway be weeks before the disruptions in oil flow along the pipelines affect Iran's exports. NIOC has apparently not made any spot sales on the Rotterdam oil market in recent weeks and as a result has large stocks of crude and also tanker fuel.

Even if the actual losses caused by last week's explosions are negligible, as NIOC suggests, the incidents pinpoint the complete vulnerability of the country's thousands of miles of oil and gas pipelines. The larger 42-inch and 56-inch lines which carry crude from the main oilfields to the export terminal at Kharg Island are buried in the ground but their location is clearly defined with markers. It would only require a little digging—and some dynamite to blow them up.

The smaller feed lines to the refineries and domestic distribution lines are plainly exposed. Dozens of them run through the city of Ahwaz and alongside main roads in Khuzestan. Ex-

But Rear Admiral Ahmad Madani, the Governor-General of Khuzestan—who is also head of the navy—continued with the disarmament of the Arabs, while allowing the Persian revolutionary guards to keep their arms.

The Arabs reacted angrily and violently. There were numerous clashes between Arabs and revolutionary guards during the second half of May. Using techniques reminiscent of those of the Pahlavi regime, Rear Admiral Madani moved in troops to crush the Arab resistance movement.

On May 30, now known by the Arabs as "Black Wednesday", an estimated 80 Arabs were killed.

On June 6 Rear Admiral Madani and Khomeini signed an eight point peace pact. Major features of the agreement were the appointment of Arabs to local government posts, the freeing of Arabs arrested during the troubles, an investigation into the cause of the fighting, the punishment of those responsible, financial support for members of families who lost breadwinners during the fighting, freedom for the Arab cultural organisation to continue its activities and the provision of better facilities in Arab villages.

In the following weeks Arabs claim that the Government has not only failed to honour its promises under the peace pact but has continued to arrest and persecute members of their community.

While the Government teams appear to have been sent to Khorramshahr to investigate the recent violence, several members of the Kurdish Democratic Party have arrived in the city with the aim, they say, of forming some kind of alliance with the Arabs.

This is certainly an ominous sign: an Arab-Kurdish alliance, coupled with open sabotage in the oil industry, would present the most serious challenge yet to the fragile unity of post revolutionary Iran.

Tax break for oil companies

BY DAVID LASCELLES IN NEW YORK

INDEPENDENT OIL producers, who account for about 30 per cent of U.S. oil production, may be granted a partial break from the windfall profits tax being sought by President Carter. The tax is aimed at recouping some of the extra revenues oil companies will glean from oil price decontrol.

Under twin proposals presented in the Senate finance committee this week, exemp-

tions from the tax would be granted either to the first 1,000 barrels of oil a day produced by all oil companies, or on the first 3,000 barrels a day produced by "independents" as opposed to "majors."

The U.S. has about 10,000 independent producers and 30 oil majors. Typically, independents are tiny operations which prospect in the high risk areas

and fill out the finds made by the majors. They account for about 90 per cent of the exploratory wells drilled in the U.S. and have played a big part in enlarging the country's oil and gas reserves.

The independents have demanded exemption from the windfall profits tax on the grounds of the high risks of their business, and the resourcefulness of their operations.

\$1.18m damages in Jaguar case

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A LOS ANGELES Superior Court jury awarded damages totalling \$1.18m against Jaguar Rover Triumph Inc., the BL subsidiary, to the family of a man who died when his Jaguar XJ6 was involved in a collision five years ago.

It had been alleged that the man died because one of the Jaguar's twin petrol tanks was susceptible to catching fire because of its position. But the jury's majority verdict did not

mention the petrol tank. JRT's lawyer said that the jury's award, much lower than the \$12m asked for by the plaintiffs, was motivated by sympathy and that he would request a new trial.

In the UK, JRT said yesterday: "We have complete confidence in the integrity of the fuel tank design and associated systems in the XJ6. The car meets all national requirements

including those of the U.S." Reuter adds: Mr. Alexander Welles, 44, of San Diego, died on May 28, 1974, when his car was involved in a five-car pile-up in Los Angeles. In his summing up, Mr. Johnson maintained that there were no design defects in the car and that Mr. Browne Greene, the plaintiffs' lawyer, was trying to sway the jury by reading from a father's day card and showing slides of the Welles family.

BUDGET 1979

NEW DIRECTIONS FOR THE BRITISH ECONOMY
Dorchester Hotel, London
23 & 24 July, 1979

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UK NEWS

Lloyd's in discipline move on £10.6m loss

LLOYD'S HAS invoked rarely used legislative powers to discipline parties involved in the... Under the Lloyd's Acts any member of Lloyd's who has been guilty of any act or default which is discreditable can be suspended or expelled from Lloyd's.

Ladbroke licensing case 'sets standard'

THE CASINO division of the Ladbroke Group had done things to which the justices could have possibly give their seal of approval, counsel for the Playboys Club told South Westminster licensing magistrates in London yesterday.

Air traffic troubles add to holiday headaches

EUROPE'S perennial crop of tourist troubles is coming into full flood again as the summer season gets underway. Air traffic troubles and overcrowded airports are causing delays and in Greece there are reports of serious problems through hotel over-booking.

DC-10s CAN FLY IN U.S. AGAIN

NOW THAT THE U.S.-registered DC-10 jet airliners are to be allowed to fly again, and foreign-registered DC-10s allowed once more into the U.S., the world's airlines are likely to be able to resume a slight of hand before getting down to something the cost of one of the most serious setbacks ever in civil aviation.

Delay to new Bill may prolong Price Commission's life

THE GOVERNMENT may be forced to appoint a "shadow" Price Commission at the end of this month because of the delay in its legislation to scrap the Commission becoming law. The Government's Competition Bill, which was published on Thursday, is intended to abolish the Commission by repealing both the 1973 Competition Act and the 1977 Price Commission Act.

Royal lifts premiums by 11%

ROYAL INSURANCE is raising premiums for the 500,000 motorists it covers. The average 11 per cent increase, effective from October 1, is the second increase announced this year and comes a day after the increase in premiums by General Accident, the UK's largest motor insurer.

Fuel plan wins pilot £5,000

A CONCORDE co-pilot, Mr. William Lowe, has won British Airways' biggest award under its staff suggestions scheme, £5,000, for devising a method of saving up to 1m kilograms of fuel a year.

Lady Plowden to stay

MR. WILLIAM WHITEHEAD, Home Secretary, has given himself more time to find a new chairman for the Independent Broadcasting Authority with the re-appointment of Lady Plowden, aged 69, until the end of next year.

Fall in industrial output indicated

MANUFACTURING output appears to be running below the level of last summer, in spite of the recovery from the bad weather and industrial disruption of the winter. But a sharp increase in output from the energy sector means that the underlying level of total industrial output is probably much the same as the buoyant summer months.

Savers hit by strike to share £2m award

SAVERS who suffered as a result of a computer strike at the National Savings Department earlier this year are to get more than £2m in compensation. Mr. Nigel Lawson, Financial Secretary to the Treasury, announced yesterday.

Computer men win £500 prize

THE £500 FIRST prize in the National Management Plate competition was won in London last night by two experts in computer software from ICI Runcorn. They are Dr. Jonathan Smithers, a mathematician, and Mr. John Liles, a chemical engineer.

Health Service contracts

SHORT-TERM contracts for 46 Area Health Authority chairmen were announced yesterday by Mr. Patrick Jenkin, Social Services Secretary.

Jobs boost

NORTHAMPTON Development Corporation is to build the fifth employment area in the town in the next few years to cope with the demand for factories and warehouses. Work on the 42-acre site should start later this year.

Table with 3 columns: Year, Month, Index Value. Shows industrial production index for 1977 and 1978.

there is likely to have been some hunching in these months after the winter. The official figures are particularly unreliable now because of the effects of the Civil Servants' dispute.

Garnock Valley plan to create 800 jobs

A PLAN to create 800 jobs in the Garnock Valley, Ayrshire, was announced yesterday by the Scottish Development Agency and British Steel (Industry). The area has been severely hit recently by factory closures and the ending of open-hearth steelmaking at BSC's Gleggarnock works, which resulted in 650 redundancies.

Corby move for more business

AN OFFICIAL is to be appointed by Corby District Council, Northants, who will encourage industrialists to move to the area. Nearly 3,000 of the estimated 17,000 working population are out of work, and 6,000 more jobs are threatened if plans go ahead to close the town's BSC plant.

GLC makes mid-term assessment

THE Conservative-controlled Greater London Council yesterday published a mid-term assessment of the administration's work. The 35-page document, which goes before the council's policy and resources committee next week, deals with five main objectives set by Mr. Horace Cutler, council leader, when he took office two years ago.

State industries lose £1.9bn

THE ACCUMULATED losses of nationalised industries total £1.9bn Mr. John Biffen, Chief Secretary to the Treasury, disclosed in a Commons written reply yesterday. This extends 1978 to 1979 results for some industries which have not yet been announced, he said.

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UK NEWS

BP leads with new N. Sea crude prices

BY KEVIN DONE, ENERGY CORRESPONDENT

BRITISH PETROLEUM, the highest single North Sea oil producer, has taken the lead in setting higher prices for North sea crudes in the third quarter. It has fixed the price of its Forties Field production at \$23.20 a barrel (a barrel contains 35 gallons), the fourth increase this year.

The new price is near to the upper limit of \$23.50 a barrel established by the Organisation of Petroleum Exporting Countries at its last meeting in Geneva.

North Sea prices traditionally follow closely the price levels set by the main African members of OPEC — Libya, Algeria and Nigeria — which produce a similar high quality, light, low sulphur crude oil. They are all charging close to the maximum allowed by OPEC.

The price for crude oil from the Ekofisk Field in the Norwegian sector of the North Sea, the other major field in production has not yet been finally established, but it is expected to reach \$23.50 a barrel.

The new prices were effective from July 1. The major prices which remain to be settled are for crude produced from a number of smaller North Sea fields, where the oil is loaded directly into tankers at the fields rather than being brought ashore by pipeline.

Normally, these prices would be 10-20 cents above North African levels, because the oil is sold on a delivered basis avoiding tanker charter fees.

North Sea producers are wary, however, of setting any prices above the maximum level of \$23.50 established by OPEC for some of the more hawkish OPEC members to trigger off another round of price increases.

The price of Forties crude has risen nearly 66 per cent since the beginning of the year, and the latest increase has added another \$2.50 a barrel on top of the June price. Forties is producing about 500,000 barrels a day, accounting for nearly one-third of UK output.

More than 60 per cent of EP's production is exported.

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More than 60 per cent of EP's production is exported.

Italian petrol concessions

THE PRICE of super grade petrol in Italy is £1.27 a gallon (LS90 per litre), but UK tourists may buy concessionary coupons in this country to obtain petrol at £1.07 a gallon.

Due to a misunderstanding over the working of the concessionary system, last Saturday's Financial Times quoted an independent survey which gave

a price of 89p per gallon for petrol in Italy. The concessionary rate for tourists has been fixed by the Italian Government at £1.07 for more than two years, and is therefore not affected by the sharp alterations in exchange rate values between the lire and the pound.

NEWS ANALYSIS — COFFEE PRICES

A frosty disagreement

BY JOHN EDWARDS, COMMODITIES EDITOR

NESTLE, announcing this week a 10 per cent rise in its coffee prices from August 1, was careful to point out that the increase was not due to the recent frost in Brazil, the world's biggest coffee producer. It said it reflected the rise in coffee bean prices in the world market during the first five months of the year. That was before the early Brazilian frost further raised the cost of beans.

The implication is that there could well be a further rise in coffee prices later this year if the world market remains at its present level.

On the other hand General Foods, producer of the other leading brand, Maxwell House, attributed its similar increase in price mainly to the June frost in Brazil, which drove up the cost of beans.

Both companies are somewhat vague about how long it takes for the increased cost of beans to raise the price of coffee in the shops. It does vary according to how far forward the roasters have bought beans and the size of their stocks when there is a change in world market values.

One roaster may decide to buy heavily in the expectation of higher prices, while another may have bought sparingly in the hope that market prices will fall. It is a matter of judgment which can cost roasters dear if they guess wrongly, since for competitive reasons they cannot put their selling price above that of their rivals.

Both companies agree that the cost of coffee beans is by far the most important element in deciding the price of the final product. It is estimated that the beans used by roasters account for over 70 per cent of

the total price. But the recent increase also takes account of the higher cost of energy required for roasting as well as distribution and packaging. The companies say that they have already absorbed the cost of metrication, which came into force on July 1. But rise in the cost of beans finally forced them to raise prices. When metrication came in the companies were careful to cut prices, by 11.8 per cent, to match exactly the reduction in weight to 100 gram jars so that housewives would not accuse them of cashing in.

If there is no more frost damage one might expect prices to move lower again since there will then be more than adequate supplies available in the world. But this does not necessarily follow. Coffee-producing countries have kept prices higher than they would have been by buying up surplus supplies, much to the fury of the U.S. Government. They have threatened to continue to do so unless consumers promise to help in stabilising market prices at a "reasonable" level.

Bearing in mind general inflation it seems unlikely that coffee prices will come down again even if the cost of beans falls in the winter. Roasters were forced to cut prices after the huge drop in consumption during the time of soaring prices and shortages in 1976 and 1977. But demand has picked up remarkably and Nestlé are forecasting that sales this year will beat all previous records, even allowing for the rise in prices.

The latest rise of 8p for a 100 gram jar of instant coffee will lift the price of a cup by 0.10p to 1.55p. This compares with the all-time peak of 3p a cup reached in 1977. A cup of tea is only half the price.

The market remains extremely nervous since July in Brazil is normally the most dangerous frost period, the middle of the winter.

Almost exactly four years ago, in July, 1975, frost crippled the main coffee-growing area in Brazil in the state of Parana. During the following two years the resultant shortage of supplies caused the market price to rise from \$400 to \$4,000 a tonne.

A bad frost this year could have an equally dramatic impact, since the surplus stocks

held by Brazil are far lower than they were in 1975. A worrying feature this year was that the early frost in June affected the state of Minas Gerais, where new coffee planting was shifted in an effort to avoid the frosts that have traditionally affected Parana. Yesterday there were new warnings of possible frost. But the market has become somewhat inured to these scares and prices moved lower rather than higher.

However, the CEBG appears willing to accept that any shortfall in output will be made good by drawing from stocks, with imports rising less than

the situation elsewhere in the UK, where NCB stocks are relatively higher, is exacerbated by difficulties in moving coal to power stations, where stocks are depressed. British Rail has made strenuous efforts to improve its coal handling, but with apparently sporadic success.

The matter was discussed at the meeting of the Coal Tripartite Committee on Thursday, when Sir Derek Ezra, the NCB chairman, pressed his view that any imports should be purchased on the spot market, and that long-term contracts were unlikely to be significantly cheaper, if at all, as world coal prices begin to rise in line with the oil price increases. It is thought that the Government largely agrees with Sir Derek's views.

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CEGB may limit coal imports to 3m tonnes

BY JOHN LLOYD

THE CENTRAL Electricity Generating Board is likely to limit its controversial coal imports to 3m tonnes this year — although its buffer stocks of oil and coal are low, and it is vulnerable to prolonged industrial action by miners and transport workers.

The CEGB and, latterly, the National Coal Board, have expressed concern that the target of 75m tonnes which the NCB has agreed to supply to power stations this year may be beyond its capacity.

In the current issue of "Coal News", the NCB newspaper, the area marketing manager of the high-output South Midlands area says that a shortfall in output could reduce the NCB's ability to meet the target. Output from the area's mines, many of which have suffered from severe geological faulting in past months, is down 200,000 tonnes on last year, while stocks are low.

The situation elsewhere in the UK, where NCB stocks are relatively higher, is exacerbated by difficulties in moving coal to power stations, where stocks are depressed. British Rail has made strenuous efforts to improve its coal handling, but with apparently sporadic success.

However, the CEBG appears willing to accept that any shortfall in output will be made good by drawing from stocks, with imports rising less than

2m tonnes over last year's levels.

This acceptance is partly due to a desire not to sour relations with the Government, which have been much improved recently. The Government's speeding-up of the nuclear programme, and its acceptance of the need for increased coal imports, has attracted the approval of the CEGB.

The question of whether the coal imports will be purchased under long-term contracts or on the spot market, however, remains in dispute between the CEGB on the one hand, and the Government and the NCB on the other.

The CEGB would prefer long-term contracts, arguing that they would be cheaper and more certain. The NCB is against such contracts because it fears they might depress domestic demand in future years, and that they will create tensions in the National Union of Mine-workers.

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LABOUR

Midland deal brings bank's pay dispute near settlement

BY NICK GARNETT, LABOUR STAFF

THE PAY dispute in the English clearing banks appeared close to settlement yesterday after a breakthrough in mediation talks for clerical and computer staff at the Midland Bank.

New proposals, which the bank's two unions, said would add about 19-20 per cent to the salary bill when already agreed fringe benefit improvements were taken into account, were accepted by the bank and the unions. The deal would run for nine months.

Acceptance by negotiators from the Banking, Insurance and Finance Union and the Association of Scientific, Technical and Managerial Staffs is subject to a membership ballot.

Mr. Hedley Woods, banking union assistant secretary, said industrial action would be imposed at the other four clearing banks unless they matched any Midland deal. The other banks, which have been making common pay offers, are almost certain to follow the lead taken by the Midland.

The banking union will ballot only its computer staff, members who imposed 24 and 32-hour strikes earlier this week but ASTMS intends balloting its

total bank membership. Meanwhile, industrial action which shut down Midland's five main computer centres is being suspended.

The proposals made by Professor John Wilson, of the Law Faculty, Southampton University involve an increase of 15 per cent new money on all individual salaries. The last Midland offer was 12.5 per cent, weighted towards higher grades.

The full 5 per cent productivity payment would not now be consolidated. Instead 2.1 per cent would be paid as a continuing bonus. This payment, which would be worked out as a percentage of the new salary scales is likely to be made in December.

The effect of applying the bonus to new rather than old salary scales is worth a further 0.4 per cent. Salaries would be increased uniformly by 17.1 per cent.

An offer from all the clearing banks on fringe benefits has been virtually agreed by the industry's staff bodies. This includes two extra days holiday from August and a special London supplement of £50 to £200

Caterers on North Sea rigs threaten strike

FINANCIAL TIMES REPORTER

THE THREAT of disruption to North Sea oilfield activity loomed yesterday, after the rejection of an employers' offer covering nearly 700 offshore catering workers.

The two unions involved which have organised catering workers in the British sector, the Transport and General Workers and the National Union of Seamen, have said that unless a settlement is reached by the end of the month industrial action will begin on up to 20 installations.

Yesterday Mr. Harry Bygate, a National Union of Seamen official in Aberdeen, said: "We have cut our original claim by 50 per cent but the employers still have not met it and the men are very bitter."

The unions had originally submitted a much-publicised

claim of £14,000 a year for an offshore steward, but backed it at the first negotiating session last month.

The present claim of \$600 for a full trip, two weeks offshore and two weeks onshore, was met by an employers' counter-offer of £415. Shop stewards met in Aberdeen on Wednesday.

Mr. Bygate said: "The men offshore endorsed the rejection and the meeting decided they were prepared to meet the employers up to July 27. If by then there is no agreed settlement, we would initiate industrial action."

The men are employed by the four largest catering concerns operating on the North Sea installations. Any withdrawal of their labour would immediately affect offshore activity, particularly construction work

How your mortgage will be affected

THIS TABLE provides an indication of the impact on mortgage repayments if the new interest rate structure recommended yesterday by the Building Societies Association takes effect in the New Year. The mortgage rate has changed ten times since the start of 1975, while the minimum lending rate has changed 56 times over the same period.

Years	EFFECTS OF PROPOSED MORTGAGE INTEREST RATE CHANGE FROM 11½% TO 12½%		or Increased Term
	Present monthly payment (per £1,000)	New monthly payment (per £1,000)	
25	10.99	11.51	25
20	10.45	11.00	48 9
30	10.16	10.74	Infinity

MONTHLY REPAYMENTS (BEFORE TAX RELIEF) ON 25-YEAR LOAN	11½%		12½%	
	£	£	£	£
£4,000 (average existing loan)	42.70	46.00		
£12,000 (typical new loan)	125.40	132.00		
£18,000	188.10	198.00		

Indian Ocean sanctuary may save 1,500 whales

FINANCIAL TIMES REPORTER

THE International Whaling Commission yesterday voted to ban whaling in the Indian Ocean. The vote of 16 to three will probably save about 1,500 whales. The three votes against came from Japan, the Soviet Union and South Korea.

The decision to make the Indian Ocean a sanctuary followed the original U.S. proposal for a worldwide ban on commercial whaling.

But the IWC at its London meeting changed this to a partial moratorium on high seas whaling by factory-ships, except for the minke species. This allows Japan and others to

continue its minke hunting. Dr. Lee Talbot, director of conservation for the World Wildlife Fund International, said that the Indian Ocean sanctuary was a major accomplishment.

"At present," he said, "there is no major ocean where whales are not hunted. We now have a reference point, a clear way of studying the effects of non-whaling."

Dr. Talbot said of the 31st annual meeting of the IWC: "It has been a turning point. There has been a recognition by the whaling commissioners that the scientific base is totally inadequate to assure safe quotas."

GLC picks Dockland road route in spite of protests

BY COLIN AMERY

THE FINAL route for the Dockland Northern Relief Road has been decided by the Greater London Council, against the wishes of the majority of local residents.

After delaying the £39m road for more than a year to allow public consultation, the GLC has opted for a route supported by only 19 per cent of local residents.

More than 56 per cent polled in the planning participation exercise preferred an alternative route.

The planners' route will, according to a local pressure group, destroy 235 more homes

than other routes and cause more damage to historic buildings. The road will be four lanes wide and run for two miles from Canning Town to Commercial Road at Limehouse basin.

To reduce noise levels in the residential area close to Limehouse the road will be built underground with landscaped play areas on top. Construction will start in 1983.

Agreement has already been given in principle for the five-and-a-half mile Southern Relief Road that will run from Bermondsey to Woolwich.

Londis group cuts off too-independent grocers

MOVES TO strengthen the position of small independent grocers who are losing ground to the major supermarket multiples are planned by the voluntary Londis group of more than 1,400 small grocers.

Londis, which has a turnover of £130m a year, is terminating the membership of grocers who do not fully support the group's

wholesaling facilities but buy wholesale from Londis only when special cut-price trade offers are mounted.

Londis says that since it is entirely retailer owned, unlike other voluntary groups of grocers who are dominated by large wholesalers, it offers grocery trade prices lower than other wholesalers.

Times talks to continue next week

By Our Labour Correspondent

PRINT UNION general secretaries will meet Times Newspapers management next week to continue talks on a formula which could lead to republication of the company's titles after more than seven months.

The union leaders met yesterday and decided to set a meeting with the company which is likely to take place early next week.

The Economist failed to appear on time yesterday because of a dispute over manning issues with the National Graphical Association at its Brentford, London, printing works. A return to work took place late yesterday afternoon after talks and efforts were being made to produce this week's issue.

Postal regrading talks begin

By Nick Garnett, Labour Staff

PAY AND productivity talks, which will centre on regrading proposals, were begun yesterday for the majority of the Union of Post Office Workers telecommunications members.

The talks, which will be reconvened next week, will focus on how the union's telephonists, telegraphists and coast radio officers will be assimilated into a new grading structure which the Post Office has been negotiating with its telecommunications unions.

Public service pay team holds last meeting

By Alan Pike, Labour Correspondent

MEMBERS OF Professor Hugh Clegg's Comparability Commission held their last formal meeting yesterday before preparing their report on public services pay. This will reach the Prime Minister by the end of the month.

Local authority and health service union leaders spent about three hours with Professor Clegg and his colleagues discussing aspects of evidence which they have presented. But they received no indication of what the report — which will cover local authority, health service and university manual workers and ambulance men — will contain.

A statement issued after the meeting said that it was part of a series of discussions with both management and unions. This process of consultation was "quite distinct from the formulation of recommendations" which was a matter for the Commission.

The Commission's comparability study was part of the terms which settled last winter's disputes by public services manual workers. Under the settlement, 50 per cent of any comparability award is due for payment from next month, and the remainder from April, 1980.

At the Transport and General Workers' Union conference earlier this week Mr. Mick Martin, public services national secretary, warned that further industrial action was possible if the Government did not honour the award.

Navy denies health risk

The Defence Ministry yesterday denied that the Navy was jeopardising health and safety by loading the Polarix nuclear submarine HMS Resolution after a strike by Civil Service supervisors.

Members of the Institution of Professional Civil Servants at the Coultport base on the Clyde cut power to the submarine after 12 Royal Navy staff started loading. The union said this was increasing the normal risk to an unacceptable level.

The Ministry said that using the navy to prepare the submarine did not increase the risk.

Underground strike action postponed

BY GARETH GRIFFITHS, LABOUR STAFF

THE NATIONAL Union of Railwaymen yesterday postponed strike action by its 15,000 members on the Underground, after London Transport agreed to implement a 14 per cent arbitration award.

The union executive approved a peace formula agreeing to immediate talks on the operation of one-man trains on the Circle, Hammersmith and City lines. London Transport and the union have set a deadline of July 31 on the talks and any outstanding issues will be referred to a wages board.

The two sides will discuss a pay settlement for 3,500 workshop staff on July 20. The NUR wants the same type of deal as the 14 per cent arbitration award.

Earlier, London Transport had said that the award would cause acute financial problems. It had decided to pay it after union assurances of maximum co-operation in one-man operation and productivity generation.

The peace formula is intended to remove obstacles to one-man services on the two lines, when suitable equipment and trains become available. The NUR, however, emphasises that the strike call has merely been suspended pending the successful outcome of the talks.

The train drivers' union ASLEF, and the white-collar Transport Salaried Staffs Association were also involved in the peace talks and agreement.

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THE WEEK IN THE MARKETS

Credit pressures squeeze shares

Unlike the Building Societies, the stock market does not possess a facility for deferring bad news. The last week has been a miserable one with equities slipping to the lowest end of their recent trading range and squeezed trading range and squeezed trading range...

retail price figures confirmed the existence of strong inflationary pressures. European interest rates have been rising. The prospect of tight credit conditions for some time has been a constant theme...

December, 1978, and since then EMI has taken on the Liberty label in the U.S. which itself is heavily in debt. Despite some asset disposals, the cash drain must have been considerable in the first half of 1979.

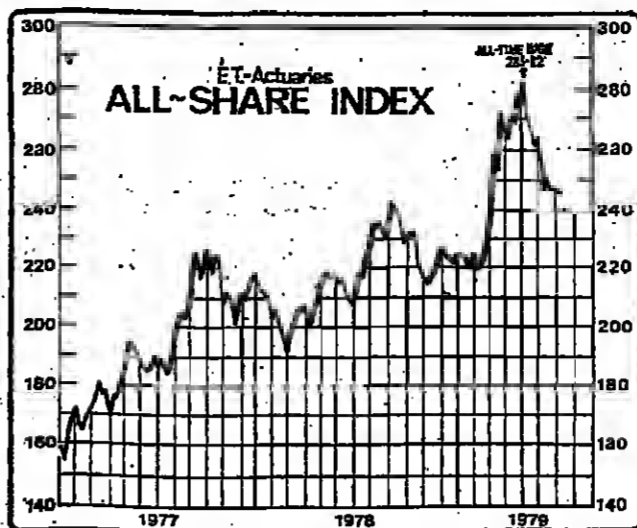
So something had to go—something substantial. The planned deal that EMI's new chief executive, Lord Delfont, has put together is perhaps the best thing that could have been done in the circumstances...

LONDON DNLODKER

The stock market's initial reaction to the deal was one of grateful relief that EMI looked at last to be getting to grips with its problems...

Cartier's jewel

As EMI was selling major assets to bolster a wobbly balance-sheet, Tesco was showing how it is possible to spend heavily without undue strain on its cash resources.



NEW YORK JOHN WYLES

VERY LARGELY, this week has been Carter's market and the movement of share prices has held something of a mirror to Americans' attitudes to their President's administration...

Rather the assumption is that if a man wants to become President badly enough to endure the lunacies of running for office, then once he is in the White House he should demonstrate qualities of leadership and decision in attacking clear and evident problems...

There is thus a tension between the consuming desire for successful leadership and scepticism about this particular President's ability to deliver it. Now Mr. Carter's long and semi-reclusive sojourn at Camp David has been getting on the market's nerves...

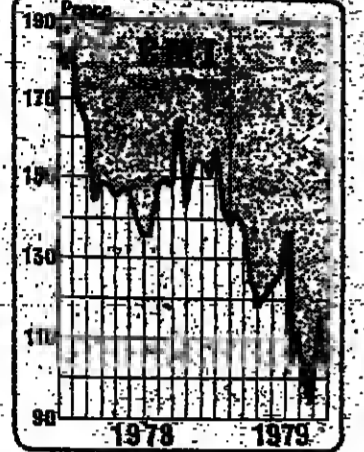
deepened, so also has Wall Street's scepticism. Decontrol of gasoline prices would be bad for inflation. The development of a synthetic fuels industry capable of substituting for 2 or 3 million barrels a day of imported oil would be terrifically expensive and environmentally damaging...

These and other judgements without Congressional co-operation is limited and many legislators seem incapable of making up their minds from one day to the next about which policies should be pursued.

A recession, first of all, hurts corporate profits which have plunged in one of the six recessions, some mild some deep, since 1948. From peak to trough the smallest drop in corporate profits was 22.7 per cent and even the gentle cold shower of 1970 prompted 34.7 per cent fall.

Thus the penalty which IBM has paid this week for relative failure could well be in store for many other companies.

Table with 2 columns: Day (Monday to Friday) and Change (+6.82 to -3.33)



MARKET HIGHLIGHTS OF THE WEEK

Table with 4 columns: Index Name, Price, Change, and Description. Includes Blue Circle, Cartiers, Clark (Matthew), Eurotherm, Fairbairn Lawson, Harris Queensway, Hay's Wharf, Hunting Gibson, ICI, Metal Box, Midland Bank, Rothmans' Inst, Rowntree Macintosh, Sandeman (Geol), Silhouette A, Sirdar, Tirvillie, Trusthouse Forte, and Valor.

U.K. INDICES

Table with 4 columns: Index Name, July 13, July 6, and June 29. Includes Govt. Secs, Fixed Interest, Indust. Ord., Gold Mines, Do. (Ex 5 pm), and FT ACTUARIES.

Why investment conditions favour the Save & Prosper Property Fund

With rents continuing to rise, capital values of commercial and industrial properties have been moving ahead. Rental growth has been particularly marked in shop premises... Given greater economic and political stability in the months ahead the outlook for further rental growth in these and other sectors of the property market is strongly enhanced...

ANALYSIS OF FUND BY TYPE OF PROPERTY. Includes a pie chart showing 73% Office and 27% Industrial. Includes a table for ANALYSIS OF RENT REVIEWS and a table for About Save & Prosper.

EVERYTHING ELSE YOU SHOULD KNOW. Includes sections on Unit pricing, Current tax position, and Withdrawal facility.

Past performance. Since the launch in 1971 the Fund has performed well, showing an 87.8% increase in the offer price of units to 11th July 1979. Includes a line graph showing the fund's performance over time.

5% p.a. free of tax at the time. If you invest £1,000 or more you can withdraw up to 5% of your initial investment each year for 20 years without giving rise to any liability to tax during the period...

Proposal for an Investment Bond linked to SAVE & PROSPER PROPERTY FUND. Includes a form for investors to fill out, detailing their investment preferences and contact information.

SAVE & PROSPER GROUP

FINANCE AND THE FAMILY

An administration order

BY OUR LEGAL STAFF

We cannot get a firm of solicitors, A & B, who are executors of my late mother-in-law's small estate to complete winding it up and, in particular, to deal with a few trinkets and some furniture they hold. Another solicitor says there is nothing further he can do as A & B are executors. Do you agree? Would an approach to the Law Society be of any use, or must we wait until A & B say their costs have consumed the balance of the estate? An approach to the Law Society may prove useful. It is certainly worth trying. Other wise your wife's only course is to apply to the Court for an administration order or for directions in the administration of the estate. As the estate was small this could be done in the County Court but the costs of doing so might even then be disproportionate to the value of the unadministered estate.

The situation of a boundary

The boundary of my garden is described in a Land Registry document as "centre of existing hedge". The hedge concerned is an old Hawthorn hedge on either side of a dry ditch, but in recent years my neighbour's have cut back the trees on their side and extended their gardens into the ditch. They seem to suppose my garden ends

with the hedge on my side. What do you consider is the boundary? Is there any action I should take? The situation of a boundary is a question of fact. In your case the centre of the hedge-ditch-hedge feature seems likely to be the true boundary. But, as the hedge on one bank has now been removed there is a danger that the fact that there used to be hedges on both banks of the ditch will become obscured to time. You should therefore procure a "testimony" by procuring two statutory declarations by any people who know the site well and have done so for some time, in which they can describe the position as it was before the clearance of the Hawthorn or your neighbour's side, and, preferably, stating where the boundary runs.

Transferring real property

I have notified in recent answers that you advise the best way of transferring real property which will avoid capital transfer tax is the declaration of a trust for sale and the division of the interests under the trust into a number of parts which can then be transferred each year. But is capital gains tax charged on the whole of the assets at the time of the declaration of the trust for sale? Is it not the case that there is only a transfer when the parts are

transferred? We have tried to make clear in our earlier replies on the subject that the declaration of trust scheme does not prevent capital gains tax being payable. Hence in cases where the subject matter is not a principal residence it is important to consider whether any saving of capital transfer tax may not be offset by bringing forward the date when capital gains tax is payable. The date of the declaration of trust would not normally be a disposal on which gains tax is chargeable, as the trust will not create settled property.

No power of attorney

My brother suffered a serious accident some months ago, and since then has been more or less unconscious. I am told I cannot get a power of attorney to manage his affairs. What, then, can I do?

It is correct that a power of attorney cannot be granted while your brother is not conscious, but the power must be capable of handling his own affairs at the time when he grants the power. The only course would be to make an application to the Court of Protection under the Mental Health Act 1959.

Exchange rate and a salary

I am an American working in Britain for a U.S.-based company. My salary is paid in

extended to the additional area. You can therefore serve a Section 146 notice on the tenant in exactly the same manner as you have done in respect of the original demised premises, save that it would be wise to restate that the premises were demised in 1976 on the same terms as the original lease. We think that in fact there is only one lease and that the 1975/1976 transaction resulted in an extension to the property demised by the 1973 lease. There is therefore no need to rely on implied covenants as the covenants in the written lease will govern the parties' rights and obligations.

A section 146 notice

In 1973 I leased a portion of a small industrial property I own, and last year I served a notice under Section 146 of the Law of Property Act, 1925, because of the neglect of the property and later I applied to the court for forfeiture. Meanwhile, in 1975, the tenant moved into an adjoining part of the building and some time later, by letter, he agreed to pay me an extra rent. Because I have nothing but this letter, on what basis can I serve a notice for lack of repairs under Section 146 and because of such breaches of the covenant in the part formally leased, the subsequent application for forfeiture? Are not obligations implied as to repairs of the premises?

The normal inference, in the circumstances which you describe, would be that the extra area occupied since 1975 is held as an addition to the land demised by the original 1973 lease, so that the covenants in that original lease will be

Farm tenants responsibilities

Possessing three farm smallholdings, for which we have always executed all external repairs to the houses and farm buildings. I now find, with the high costs of such work, that the rents from these (which have been fixed by an agricultural valuer) only meet a small portion of the repair bills, causing an imbalance in the accounts. I understand that repairs for this type of property was, through a fairly recent Act of Parliament, made to be all or partly the responsibility of the tenants. Could you please let me know if this is correct? There are tenancy agreements

and the only reference to repairs is "the tenant shall keep all fences, ditches, drains, gates and interior of the premises including glass in windows in good and tenable repair". There is no mention of repairs by the landlords.

Section 2 of the Agricultural Holdings (Notices to Quit) Act 1977 regulates the length of notice required for a notice to quit served on the ground that the tenant is in breach of a term of his tenancy. Under Case D a six months' notice is required for breach of a repairing obligation. But the obligations remain under the general law

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Protecting borrowings

ANYONE who borrows money commercially, as distinct from privately, for whatever purpose and from what ever source, is subject to some degree of credit vetting. The lender needs to ensure, so far as he can, both the return of his capital in due time and also during the period of the loan the regular payment of interest.

But even the borrower who is in credit terms the most eligible or copper-bottomed, can be injured, fall ill, or lose their job. It is thus by no means unusual for banks, finance houses and retailers and so on, providing loans or credit facilities to offer borrowers the opportunity of insuring their ability to pay.

Such insurance is clearly good for the lender, and though it is paid for by the borrower, is good for him too because in the first place it frees him from a considerable degree of financial worry. Moreover, because the cover is provided by way of a group scheme it is normally much cheaper for him to buy than if he seeks to insure his indebtedness on an individual basis. This is partly because insurers' administrative expenses are reduced, and partly because insurers get a much better spread of risk.

Indeed many of these group schemes provide cover that the borrower cannot normally purchase elsewhere in any other way—cover against his inability to pay through his unemployment. Of course where unemployment cover is provided there are exclusions and financial limits (but this is true of all aspects of credit insurance), but most schemes pay instalments, rental or whatever, during unemployment for at least six months.

The amount of cover provided is, of course, directly related to the premium insurers want and the price the lending organisation reckons it is sensible competitively to ask its customers to pay—or in some cases to include in the cost of its finance facilities where the insurance is not offered as an optional extra but included in the cost of the package. The precise mix of cover in any scheme is therefore variable. Just as many schemes include cover during unemployment, as many probably most, also provide cover for the death of the borrower. But all are based around the provision of insurance for "disability", whether due to illness or injury. In the case of death insurers normally undertake to repay the outstanding amount of the bor-

rower's debt. In the event of injury, illness or unemployment they pay part or all of the instalments as they fall due. Payments are not usually made to the borrower but on his behalf, direct to the lending organisation. The borrower is thus relieved of his obligation to never actually get his hands on the insurance money, though he does initiate the claim and provides all the requisite evidence that insurers require—medical certificates and so on.

Most loan and credit agreements require monthly payments by the borrower but not all insurance schemes provide cover for the repayment in full as they fall due. Sometimes insurers make what they call

Incidentally, for the protection of larger loans, insurers may sometimes require detailed health declarations. But borrowers should not be misled into thinking that the declared health abnormalities are insured. For in this kind of situation the health declaration is only a key, or sometimes a bar, to admission to the scheme. Once admitted the full rigour of all the scheme's exclusions apply to the borrower.

As I have said, premium is paid by the borrower either overtly, or as part of the cost of the borrowing. Payment can be made by way of a single premium at the outset or month by month as loan repayments or interest or whatever fall due. But the choice of method of payment is not the borrower's option. It depends on the terms of the scheme set up by the lending organisation.

INSURANCE

JOHN PHILIP

GOLD COINS

ROGER JOHNSTONE

"proportionate" or "per diem" payments. In these cases the borrower who is for example out of work for 20 days in a month gets two-thirds of the appropriate monthly instalment paid on his behalf.

Cover does not normally commence at the first day of work. Insurers fix "waiting periods" of varying lengths to protect themselves. Depending on the particular scheme the minimum waiting period may be as short as 10 days or as long as 30 days, and waiting periods of different lengths may be written into the same scheme for the various aspects of cover, say 15 days for injury and illness and 30 days for unemployment.

Inevitably, many borrowers enjoy less than average health, having some long-standing physical disability which from time to time lays them low. Because insurers underwriting this kind of scheme do not normally require medical evidence or detailed health declarations, they apply to the majority of schemes the exclusion to be found in most individual disablement contracts—that of disability which is known to the borrower and which the borrower has suffered prior to the loan or credit agreement.

This "pre-existing" exclusion, as it is called, is as vital a protection for insurers as is the waiting period. Without it claims costs would rocket, and the price of insurance for all, healthy and otherwise, would double or treble.

Australia is to mint its first gold coin in nearly 50 years. In yet another attempt to cut back the ballooning Federal debt, Mr. John Howard, the Treasurer, announced the move this week although only giving scant details of the actual issue.

He said the first issue from the highly-respected Federal Mint would be a "collector" type coin with a face value of A\$100 and would be aimed at Australia's large community of numismatists. Of more interest will be a later issue of pure gold bullion coins along the lines of South Africa's Kruggerands.

Although Australians are now allowed to hold gold, certain legal statutes will have to be altered to facilitate minting of the new coins. This will be done in the forthcoming budget session of Federal Parliament, so Australia's gold coins would probably not be available until early next year. It is thought that a competition may be held to decide on the design of the proof set.

The collector coins will be made available in proof form at a premium on value, while the bullion coins will carry a small mark-up. Australia now joins a growing band of countries trying to follow South Africa's successful introduction of bullion coins a little over ten years ago.

Non-residents tax

I am resident abroad, and for some years have been using a provincial firm of accountants to sort out my UK tax affairs, but they do not seem to have all the answers or be capable of getting speedy responses from the Inland Revenue. I have considered using my banks tax department, or one of the international firms of accountants, but I imagine their fees would be high. For investment I wondered about stockbrokers in, say, the Channel Islands, who are accustomed to overseas clients. What do you advise? You cannot hold your accounts responsible for the time taken by the Inland Revenue. Whilst tax inspectors can bring pressure on taxpayers (and their agents), the tax laws generally provide no means of

bringing pressure the other way.

Most London stockbrokers are equipped to serve the needs of non-residents, so it is really up to you whether you prefer to use a broker outside the UK.

If you think your present accountants have insufficient experience of non-residents' taxation, you might try the tax department of one of the international banks; your own bank probably has many non-resident customers, but you do not say which bank it is.

From reading between the lines (and you have not really given us many clear facts to go on), we doubt whether one of the larger international firms of accountants is likely to give you what you need at a price you would find acceptable.

The view from the top

BY THE nature of things, anyone taking in the view from the mountain peak tends to look down, even though there may be higher peaks in the far distance. Back in April the chair, man of De Beers, Mr. Harry Oppenheimer, was doing just this.

He was looking ahead after a year in which world diamond sales values had been boosted

by currency uncertainties to a highest-ever R2,22bn, or \$2,55bn. But the boom conditions had ended and he saw "return to normality in the market."

If anyone really knows about diamonds and the mysteries of the world they live in, it is Harry Oppenheimer. And so it came as no surprise this week to learn that the value of this year's first half sales of rough diamonds, handled by the Central Selling Organisation on behalf of De Beers and other world producers, had come out at a less exciting R1,09bn, or \$1,27bn.

MINING

KENNETH MARSTON

Admittedly, these figures were respectively 2 per cent and 4 per cent above those of the 1978 first half, but the latest period had the benefit of the big price increase of 30 per cent which came into force in August, 1978. So the latest figures reflect a sizeable fall in the volume of diamonds sold.

While the market for the larger gem stones remains reasonably good, that for the smaller stones which range from about 4 carat to 1 carat (there are 142 carats to the ounce) has become weak. Furthermore, fairly large unsold stocks of polished diamonds are being held in the cutting centres where some short-time working has been reported.

This is a seasonally quiet time in the diamond trade and an eagerly awaited guide to market prospects will come in September when buying of roughs takes place in preparation for the Christmas trade. Particularly important will be the attitude of the U.S. market which accounts for about half the total gem trade.

Apart from a slight distraction occasioned by the falling SkyLab, the major hunt in Western Australia is still that for diamonds, and the Ashton venture of Comind Riointo of Australia remains the focus of attention. A further progress report this week has contained the usual sampling results which continue, disappointingly, to be of a multitude of very tiny stones.

The largest announced has been one of 6.47 carats, but the discovery of many more diamonds of considerably larger size would be required to rate the prospect as exciting. At the moment it ranks as no more than intriguing, but these are still early days and the many kimerlite "pipes" discovered have been barely scratched.

Bullion prices received by the mines in any one quarter vary according to the timing of their sales, but the average price

received by the Gold Fields group producers in the June quarter was R6,963 per kilogramme. This equals \$2551 per ounce and compares with R6,547, or \$240, in the March quarter.

A feature of the quarterlies has been the success in holding down what has been a very worrying rise in costs. Last quarter the Gold Fields group's average increase in unit costs was held to a creditable 3.1 per cent; it is worth bearing in mind that the rise in oil prices does not greatly affect these underground operations but bears heavily on the open-pits.

Of the profit increases, best showings have been made by the more marginal mines. Thus Dornfontein and Libanon have done well with respective rises of 33.7 per cent and 22.5 per cent.

The disappointment has been provided by Venterspost which lost production as a result of an underground fire and also suffered a fall in the grade of ore milled and a rise in costs. Profits dropped accordingly despite the receipt of State aid, but an insurance claim for loss of revenue is to be made.

Another view from the top has been taken this week by Canada's Noranda. Reporting a second quarter profit of C\$87.2m (€26.1m) which makes a first half total of C\$140.5m, or C\$108 per share, compared with C\$135.2m earned in the previous full year, the base metal mining group warns of an unfavourable outlook for the rest of this year.

Australia's MIM Holdings is to make a one-for-four scrip issue to holders registered on October 11. The new shares will rank equally with those existing and will qualify for the final dividend which has yet to be declared for the year to June 30 last.

Malaysia's Ayer Hijau has completed its financial year with a tin concentrate output of 2,291 tonnes against 1,784 tonnes in 1977-78. The mine will also have received a considerably higher price for its tin in the past 12 months. Malayan Tin with a year's concentrate output of 3,268 tonnes against 2,568 tonnes and Southern Malayan with 2,328 tonnes against 1,978 tonnes have also done well.

Space satellite prospecting information via the Landsat system is to be used by Getty Oil. Australian Consolidated Minerals led the Ashburton joint venture to explore for uranium in 70,000 square miles of the Pilbara-Ashburton region of Western Australia. Getty will have a 60 per cent stake in the search.

The battle of the perks

IT HAS been suggested in the Press recently that the Conservative Government is considering a radical amendment of the "benefits in kind" legislation.

There are in fact two separate sets of provisions which cover all employees, while the other relate only to directors and to those employees earning over £8,500 per annum. The two regimes differ markedly, and it has been well said that there is one law for the rich and another for the poor: although there can be considerable argument how heavily penalised the rich are by the more stringent provisions applying to them.

The law for those who are not directors and whose earnings (counting in their benefits) do not amount to £8,500 can be simply stated. They are taxable on the cash amount of their earnings: they are also taxable on earnings which come to them in non-cash form—the example always quoted is that a husband is entitled to sell the hides of the animals upon which they feed their hounds. This and other similar rights are described in the tax legislation as "perquisites", and along with salaries, fees, wages and profits, they are defined into the comprehensive term "emoluments" on which tax is charged.

Two further points need to be made. The first is that the general law (that applying both to employees earning under £8,500, and to those over it, except in this latter case to the extent that it is replaced by the special provisions outlined below), is appropriate only to tax money payments, or items which can be turned into money. (except that the law has recently been widened to bring in also medical insurance and vouchers exchangeable for goods). Where encashable goods or services are given, tax is paid on their second-hand value.

The second qualification to the general rule is that housing supplied to employees has always been taxable. There have been numerous attempts to introduce sense into the exceptions from this rule, and bite into the provisions dealing with non-exempt housing. The latest rewriting was Mr. Joel Barnett's deputy child, S.33 Finance Act 1977. This section is complex enough to require a series of articles all to itself, but its general intent is to charge tax on those enjoying beneficial occupation by reference to the higher of the rent paid by their employer or the gross rateable value of the premises.

Each of these measures of the benefit is objective and certain. They are therefore eminently suitable for use as the basis of taxation—and once the Revenue recognised this it was more or

less inevitable that the alternatives of cost to the employer, or an annual value derived from the asset's formula, would be the basis to be used for subsequent benefits legislation, and in

TAXATION

DAVID WAINMAN

particular for that applying to directors and the higher paid.

We thus find with no surprise that in Section 61 and the succeeding sections in the Finance Act 1978 the general rule for attributing a value for tax purposes to any benefit is to be taken as the relevant measure. Where the benefit consists of the employer's permitting an employee to use an asset which remains the employer's property, then the annual value to be taken as a general rule is to be 10 per cent of the asset's market value.

There are a few exceptions. If it is true that the Conservatives want to reduce or eliminate the advantages of paying employees in kind, they hardly need look further than the valuation rules. For instance, gross rateable values of accommodation may only have been a reasonable measure of value. But today two factors conspire to call these values into question. First, the updating of the rolls is substantially in arrears; but much more significant is the second factor, that the whole basis of valuation ignores, purpose, questions of availability or otherwise. If rented accommodation is in extremely short supply, can its value realistically be derived by ignoring that shortage but otherwise looking for "the rent which might reasonably be expected to be obtained on a letting from year to year if the tenant undertook to pay all usual tenant's rates and taxes, and if the landlord undertook to bear the costs of the repairs and insurance, and other expenses if any necessary for maintaining the subject of the valuation in a state to command that rent."

Where a car owned by the employer is made available to an employee so that he can use it for his private purposes, the valuation of that benefit can only be described as arbitrary. (It must be understood that this benefit is the "availability" of the car for private use, whether and how much it is used privately is irrelevant, except to the extent that there are different rules for valuing the private availability depending whether the business use is more or less than 10 per cent of total mileage.) It is only in the sense that the benefit figure is thought to be inadequate that it can be said that anyone "gets

his private motoring at the Chancellor's expense," and even then it would be fairer to recognise that his employer is just as significant a contributor as the Chancellor to the costs of making the car available.

The value ascribed to the availability of an employer's asset can be arbitrary. But there is also an optical illusion built into the rules for valuing other benefits, an illusion which seems to deceive many employers and their employees. If an employee pays his own telephone bill of £100, he needs £250 of gross income in order to leave him with the necessary

£100 net after 60 per cent tax. It is therefore said that advantage is gained if his telephone bill is paid by his company. The figure on which he is then assessed is only the net sum of £100, and this costs tax of only £50, in place of £150. What many fail to see is that like is not being compared with like. In the second case the employee is dipping into his pocket for £60. To enable him not to do so—to put this case on all fours with the other one—he needs to be given £150 in cash so that he can pay tax both on that £150 and on the telephone bill benefit.

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YOUR SAVINGS AND INVESTMENTS

EDITED BY EAMONN FINGLETON

Sir Geoffrey Howe's income-tax revolution has reduced the appeal of low-yielding Government securities for wealthy investors. Has the penny dropped with the gilts market? Martin Taylor reports

A bumpy ride for Transport 3%

ALTHOUGH Sir Geoffrey Howe's Budget dealt a heavy blow to the tax avoidance industry, it would be naive to suppose that people are any keener to pay the top rate of tax—now 75 per cent on investment income—than they have been in the past.

The gilt-edged market has its own temptations for the high-rate taxpayer as it offers two ways of reducing tax on investments. The first takes advantage of the deep discount at which low-coupon stocks, mostly issued in a happier age when Bank Rate was around 3 per cent, stand with respect to their redemption level. The second facility is to strip the dividend from a high-coupon stock.

First, the low-coupons. The old favourite, Transport 3 per cent 1978-88, issued to buy out railway stockholders at the time of nationalisation, now stands at around 365 but will be repaid at £109 in 1988. Its proceeds may be jerky—low-coupon stocks are very volatile—but on average it will appreciate by about 6 per cent a year over 9 years. As capital gains on gilt-edged are untaxed if the stock is held for over a year, this offers an excel-

lent return to a high taxpayer. He also gets the 3 per cent per annum interest but that, of course, is subject to his highest rate of tax.

The dividend stripping method of stock buying is a high-coupon stock ex-dividend during the brief period when the stock can be traded either ex-dividend or cum-dividend, and selling it cum-dividend in the same period a year and a day later. In this way the dividend is trapped in the price of the stock and counts as a capital gain (presuming, of course, that the market has not collapsed in the meantime), and the stock has been held for long enough to ensure that no gains tax is paid.

Logically, since income tax rates were reduced in the Budget, the low-coupon stocks are less of a steal than they were. Just as the tax subsidy on mortgages is worth less. So one would expect them to fall against the gilt-edged market as a whole: the "year-and-a-day" dividend play should be a relatively more attractive method of saving tax until low-coupon prices have adjusted downwards.

In fact the low-coupon issues have outperformed the market

Money Monitor

Fixed asset

FIXED interest rate offers to savers are catching on among building societies. The latest deal comes from the Grainger society, which is offering a guaranteed 10 per cent net of basic rate tax over three years.

With assets of more than £60m, the Grainger is one of the biggest societies so far to offer fixed rate investments. At most societies, the term rates are not guaranteed but fluctuate in line with the basic building society interest rate.

Following the Building Societies Association's rates changes yesterday, most societies will be paying 9½ per cent tax-paid for three-year money from August 1. But such a good rate is unlikely to last.

The Grainger's rate is, therefore, extremely attractive.

The Grainger, which is a member of the Building Societies Association, has matching gilt-edged securities to ensure that it can honour its obligations. The gilts were bought at a market low a few weeks ago and savers are benefiting from the competitive terms of the purchase.

The minimum investment is £1,000.

You can write to the society at Grainger Chambers, Hood Street, Newcastle-on-Tyne.

Loans for foreign homes



The good life is possible again—if you can get a loan.

THE ELEGANT traditions of British travel have taken rather a knock in recent years, with currency movements and exchange controls forcing holidaymakers to accept package tours or cheap hotels, while their continental counterparts occupy villas freely purchased with strong currencies.

Sterling's unusual strength and the relaxation of exchange controls provide an opportunity to redress the balance. Estate agents in the UK report a surge of interest in foreign properties and overseas agents may be inundated this summer with inquiries from British people intent on buying a flat or farmhouse in some corner of a foreign field.

A major problem for many prospective buyers will be finding the money. There is no tax relief on buying foreign properties and building societies are barred from lending abroad. The best bet is probably your local bank manager. Clearing banks have recently been moving into the home loan field and foreign properties are a relatively unexplored field for them though they have an international network of branches.

The banks say that overseas lending remains a low priority

CREDIT—1

JOHN MAKINSON

but there is a good chance that they will become more involved once the corset stops pinching. Aside from any absolute growth in the market, tax cuts have ensured that buyers are increasingly younger people, who often need credit, rather than those on the verge of retirement who can pay out of savings.

Lloyds, for example, says that it is "more than happy to look at this kind of business," but adds that a number of technical problems arise—notably collateral. Banks will be reluctant to accept foreign property as security for a loan but could lend in either sterling or foreign currency if credit were backed by assets in the UK. This might be a problem for the emigrant, but less so for the possessor of a rapidly appreciating British property on which a good part of the mortgage has already been paid.

Banks will also be interested in the rental value of a property, often easier to judge than the potential capital appreciation in an unfamiliar market.

The last of the lower rates

CREDIT—2

COLLEEN TOOMEY

HOW THE BANKS' NEW LOAN RATES MEASURE UP (OLD RATES IN BRACKETS)

	Two-year personal loans	Five-year home loans	Maximum loan
Co-operative	18 (16)	18 (17)	£2,500
National Westminster	18.72 (17.7)	15.98 (15.07)*	No limit
Barclays	19.56 (17.8)	19.56 (17.8)	£3,000
Lloyds	19.6 (17.7)	18.6 (16.9)	£5,000
Midland	19.7 (17.7)	18.7 (16.9)	£5,000
National Girobank	n.a.	19.5 for £150 to £600 17.4 for £600 to £2,500	£2,500

* With security.

IF YOU'RE thinking of borrowing money from a bank, take a tip and hurry to the Co-operative Bank on Monday.

The Big Four clearing banks have now all raised their rates of interest on personal and home improvement loans, but Co-op's rates of 16 per cent true rate on personal loans for up to three years and 17 per cent on home improvement loans for up to five years have not yet been changed.

On Monday, however, when Co-op's Board meets, these interest rates will come under review and possibly be raised by around 1 per cent. But the Co-op says the change will not affect loans fixed up on Monday.

Only National Girobank's 17.4 per cent on larger loans is better. As long as you satisfy the branch manager you can pay back the loan you are given as good a run for your money as a regular customer, the Co-op

says. It will suggest, however, that you might open a current account with them.

Lloyds was the last of the clearing banks to raise its interest rates on personal and home improvement loans, effective from yesterday.

The true rate of interest on £1,000 borrowed on a new personal loan over two years is 19.6 per cent compared with 17.7 per cent before. True interest rates on £3,000 borrowed on a home improvement loan over five years are now 18.7 per cent compared with 16.9 per cent previously.

National Westminster raised its rates on Wednesday, Barclays on July 2 and Midland set the pace in mid-June with a true rate of over two years going from 17.7 per cent to 18.7 per cent.

But don't think you can march in off the street and with a sweep of a pen across an application form get the maximum £3,000. Job, home ownership and other points will be taken into account.

Surviving the American nightmare

HAVE UNIT trust managers changed their spots?

For years the riddle question you could ask many unit trust groups was how their funds were doing against the index. Cyrcas have held that you would usually do better picking investments with a pin than relying on the unit trust industry's vaunted investment brains.

Now the theory seems to have gone out the window—at least in the case of America-oriented funds. Each of the 21 American unit trusts logged by Planned Savings magazine has beaten the Dow-Jones Index over the year to July.

If you had invested £1,000 in the Dow-Jones stocks a year ago your holding would now be worth only £656. The Dow has actually risen in dollar terms in the period—by about 3 per cent—but the dollar premium has crashed from around 52 per cent to only 10 per cent. Meanwhile the pound has risen from \$1.86 to \$2.18—cutting the dollar's sterling value by nearly 15 per cent.

Against this background, investors might be relieved that £1,000 invested in even the worst performing American unit trust—Midland Drayton American—would now be worth

UNIT TRUSTS

EAMONN FINGLETON

as much as £665. Less than half the trusts have shown a fall of more than 10 per cent—and three are actually showing a gain.

The unit trusts' performance has been buoyed up by reinvested income—and it has also benefited by a slightly better showing among second-line American stocks than that of those in the Dow-Jones Index.

But the major reason for the unit trusts' relatively good performance is their approach to the dollar premium. For years many unit trust groups have used loans raised abroad as a means of avoiding having to pay the premium. They have stuck with the arrangement through thick and thin—mainly thin until recently.

Their gloom about the premium has finally paid off in the past year. Loan arrangements have the side-effect that they neutralise exchange movements. If, for instance, the

sterling value of American securities bought through the loan route falls because of exchange movements, there is an automatic offsetting cut in the sterling value of the dollars borrowed.

The loan route did not insulate the trusts fully from the premium fall because until recently foreign exchange rules required that no more than about 87 per cent of a foreign portfolio could be funded through loans with the rest bought with premium currency.

To be fair to the unit trust industry many groups were predicting a big fall in the premium a year ago—and some were strongly bearish of the dollar, too. But good luck has also played a part in some cases.

Picking the right shares has helped the better-performing trusts add to the advantage of the underlying technicalities. Among groups which consistently do well which appear towards the top of the table are Allied Hambro, Framlington M & G and Cahot.

The principal reason for Midland Drayton's poor performance is that unlike the others it remained heavily invested through the premium most of the time.

AMERICAN LEADERS AND LAGGARDS

How American unit trusts performed in the year to July 1

	Gain/loss*
Antony Gibbs/American	-2.6
Allied Hambro/Securities	2.0
Ally America	1.0
Schlesinger/American	-2.0
Target-Scotland/American	-2.0
Eagle	-2.0
Framlington/American	-2.4
M & G/American	-3.2
Companies	3.4
CT/US & General	4.4
Hill Samuel/Dollar	4.4
Rowan/American	4.7
Crescent/American	9.8
Save and Prosper U.S.	9.9
Growth	-10.3
Stewart/American Fund	-10.3
British/American	-10.5
Handerson/North American	-10.5
Bridge/American & General	-11.4
Barclays Unicorp/American	-11.4
Chittrain/American	-11.5
Arbutnot/North American	-13.5
Gartmore/American	-15.5
Midland Drayton/American	-33.5
Dow-Jones Index (in sterling terms)	-34.4

Changing down

An improvement in the insurance rating of many types of car has shielded many motorists from the latest rise in General Accident's car insurance rates.

Among the cars affected are the Mini 1275 GT, the 1294 cc Alpine GL, the Datsun 120A/FF11 Coupe and the Toyota Corolla 30, which all move from group 4 rating to group 3. Group 3 insurance usually works out about 15 per cent cheaper than group 4.

General Accident is also improving the rating of the Mazda 818M11, Toyota Cressida and the 895 Volkswagens Polo.

The improvement in ratings is mainly because spare parts are easier to get or their prices have been cut.

TARGET GILT FUND

This could be an ideal moment to invest in Britain's first gilt-edged unit trust.

Major advantages to the private investor.

Investing in gilts calls for professional expertise, a willingness to pursue an active investment policy and an ability to deal in large volume.

These essential requirements are now available to the private investor through the Target Gilt Fund.

Launched 2½ years ago, this was the first authorised gilt-edged unit trust. It already has a proven record of success. The offer price has increased by 34% outperforming the FT Actuaries Government Securities All-stocks Index by 18%, ignoring accumulated interest.

Auspicious prospects.

At the present time, the prospects for capital gains in gilts look particularly auspicious.

General interest rates are already at a very high level, and if these should fall, the prices of gilts will rise.

Experienced investment advisers.

King & Shaxson Fund Managers Ltd. is a subsidiary of the London Discount House, King & Shaxson Ltd., who has been investing in the money markets for over 100 years.

Active investment policy.

With their experience they seek to maximise the capital return on the funds invested and are prepared to pursue an active investment policy in order to achieve this aim. Furthermore, the investment advisers will be prepared to hold part or all of the assets of the

Since it was launched in December 1976—

Target Gilt Fund

+34%

FT Actuaries Government Securities All-stocks Index

+16%

Fund in cash on deposit from time to time when, in their opinion, this is the best course of action.

A proven policy.

By laying emphasis on capital performance rather than income, the adverse effect of the charge to corporation tax[†] on the income accruing to the Fund will be

minimised. The success of this policy is illustrated by the Fund's proven record.

The net income from the unit will not be distributed but reinvested in the Fund so adding to the value of the units. The number of units will not change. The current estimated gross annual yield is £3.00 per cent.

Remember the price of units and the income from them can go down as well as up.

You should regard your investment as long term.

An offer to existing gilt holders.

If you already hold Government Securities individually valued at £250 or more, you can exchange them for units in the Target Gilt Fund on advantageous terms.

For details send a list of your holdings to: Target Trust Managers Limited, Garrard House, 31, Gresham Street, London EC2V 7DT. 01-600 7533.

Offer of units at 136.2p each until 20th July 1979.

TARGET TRUST MANAGERS LTD.
(Dept. T27) Target House, Gresham Street, London EC2V 7DT. Tel: 01-600 7533.
Registered in England No. 274181 at Target House, 31 Gresham Street, London, E.C.2V. 7DT.


I/We wish to take up the offer of units at 136.2p each in the Target Gilt Fund on the following terms:
I/We declare that I am a resident in the United Kingdom for tax purposes and that I/We are not a resident in the Republic of Ireland. I/We agree to pay the purchase price of the units in the form of a cheque or cash to the order of Target Trust Managers Ltd. I/We agree to pay the purchase price of the units in the form of a cheque or cash to the order of Target Trust Managers Ltd. I/We agree to pay the purchase price of the units in the form of a cheque or cash to the order of Target Trust Managers Ltd.

Signature of _____ Date _____
If there are joint applicants all must sign and each must give an address separate from the other.

Full Name in full _____
Present or former name _____
Address _____

Please let me have a detailed Target Gilt Fund prospectus and a copy of the Target Gilt Fund Statement of Assets and Liabilities. I/We agree to pay the purchase price of the units in the form of a cheque or cash to the order of Target Trust Managers Ltd. I/We agree to pay the purchase price of the units in the form of a cheque or cash to the order of Target Trust Managers Ltd. I/We agree to pay the purchase price of the units in the form of a cheque or cash to the order of Target Trust Managers Ltd.

Total Funds under management in the Target Group £1,100,000,000



BRITANNIA TRUST MANAGEMENT

BRITANNIA UNIT TRUST PERFORMANCE

Up to July 1st 1979 no less than 8 of the top 30 best performing U.K. authorized unit trusts this year were managed by Britannia Trust Management Ltd.* These funds were:

Position	Trust Name	% increase
1st	Britannia Universal Energy Trust	+44.9
4th	Britannia Minerals Trust	+36.1
10th	Britannia Commodity Shares Trust	+29.6
11th	Britannia Gold and General Trust	+28.2
12th	Britannia Special Situations Trust	+28.1
18th	Britannia Property Shares Trust	+23.6
21st	Britannia Professional Trust	+22.6
26th	Britannia Status Change Trust	+20.3

We consider that the Universal Energy Trust remains a particularly interesting investment at the moment. This is due to the rapid rise in oil product prices seen this year. As a result of this rise, oil companies can expect to see a significant increase in both their revenue and profits in the near future. By investing in the Universal Energy Trust you stand to benefit from rising oil prices.

For investors with a minimum of £10,000, we can offer our Unit Trust Portfolio Management Service based on the successful range of Britannia Unit Trusts.

For further information about this and the other successful Britannia Unit Trusts, please complete the form below.

*Source, Planned Savings Magazine

Please send further details of Britannia Unit Trusts NAME _____

Britannia Unit Trust Portfolio Management Service ADDRESS _____

To: Keith Crowley, Director,
Britannia Trust Management Ltd.,
3 London Wall Buildings, London Wall,
London EC2M 5QL. Tel: 01-588 2777

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In All 368 Acres

For Sale As A Whole or in 11 Lots

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Joint Auctioneers: Reader & Sons,

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Details from: Grosvenor Street Office as below

NORFOLK

Between Downham Market and Thetford

ROSEDENE FARM

An Excellent Black Fen Farm

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A Fine Modern Store of 23,800 sq. ft.

Traditional Ranges of Buildings

806 Acres of Grade I Land

In All About

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(Subject to service occupancies)

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LOT 1

A Fine Stone Built 7 bedroom Mansion with staff flat and Gate Lodge in some 93 Acres. Suitable for a variety of residential, educational or institutional users subject to necessary consents being obtained.

LOT 2

A productive dairy farm with 4 bedroom house, modernised buildings and dairy unit in some 137 Acres.

LOT 3

A cottage and barn needing renovation in some 24 Acres. 4 further lots of excellent pasture from 9 to 30 Acres.

In All Some 249 Acres

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Joint Auctioneers: A. Hoggarth & Son,

52 Kirkland, Kendal, Tel: 0539-22592

Details from: Cluttons,

Osborne House, 20 Victoria Av., Harrogate, Tel: 0423-64251

74 Grosvenor Street, London W1X 9DD Telephone 01-491 2768

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TRAVEL

Calm inland waters

BY PAUL MARTIN

IN ADDITION to inventing the jet engine, the hovercraft and a good deal more besides, the British are credited with discovering the Côte d'Azur. In the same tradition, British companies are now the leading operators on the extensive and often remote network of French canals.

Several sections of the waterways, little used by commercial operators and threatened with closure, have today found a welcome new lease of life as you journey along the calm waters at the highly desirable pace of a waterborne snail.

After trying out part of the Canal du Nivernais in western Burgundy on a self-drive Corbiyon boat so familiar on the Norfolk Broads, two years ago, I had some reservations about repeating the experience on another section in the cosseted and pampered luxury of an hotelboat. In the event I have seldom felt so relaxed or more pleasantly and totally indolent than during four sun-filled days in truly rural France on board *Secunda*.

Secunda, a former Dutch "kipper" has been imaginatively and tastefully transformed and the 98 ft long traditional barge has now nine comfortable cabins, all with running hot and cold water. With three loos and showers, she provides every comfort for the small complement of guests. The saloon, with a bar in the corner, is pleasantly spacious and there is plenty of open deck above the cabins.

Food on holiday is important and never more so than when in France. The full-board quoted means just that. The very English custom of early morning tea is maintained and cereals, fresh croissants—collected from the nearest bakery by the mini-bus which accompanies the hotelboat—yoghurt and fruit make up breakfast. Elevenses, afternoon tea and cold drinks are available without charge and the unlimited wine, served at both lunch and dinner, is not plonk but well chosen AC, mainly from the region.

Dena, the cook, armed with cordon bleu recipes, produces culinary miracles from the diminutive galley and was paid the highest compliments by some chauvinistic French who had threatened to cancel their booking on learning that the gastronomy was entrusted to the perfidious English!

John Liley, the skipper and canal enthusiast, runs a smooth and effortless operation and himself opted out of the rat race several years ago after editing a leading boating magazine. If you feel like a foretaste of what is in store, his book "France—The Quiet Way" (Stanford Publications) is a delightful read and filled on a lazy lovely day.

The itinerary is flexible and we spent a morning in the little town of Vézelay, with its magnificent basilica crowning the summit, stopping to collect a new bicycle in Corbiyon on our way back in the mini-bus.

While there is, of course, no obligation to do so, you can always give a hand at the locks, manned mainly by over-sized lady lock-keepers—we are not the only male chauvinists—stroll or bke along the towpath in the knowledge that you will be there before *Secunda*. We often tied up by a leafy canal bank without a habitation in sight.

Time is of minimal importance and only the odd pleasure craft passed us as we made our way up a staircase of locks to the highest point at a man-made reservoir. It had matured and mellowed so that it was hard to believe that it was not natural. Three tunnels, recently repaired, added to the continuing variety of the scene.

Secunda, bookable direct through Inland Voyages (Bookings), runs from April to October and a week's fully inclusive holiday, with transfer from Central Paris on a Sunday and return on Saturdays, costs £240 per person sharing a twin-berth cabin and £280 for sole occupancy. Cox and Kings have an inclusive ex-UK package which includes return scheduled air to Paris and one night's accommodation there at £294 and £344 respectively.

If you make your own way to Paris, Silver Arrow, combining rail with the short BIA Quwick-Le Touquet flight, is quick and efficient.

Several other specialist firms with hotelboat operations in both France and the UK, where Boat Enquiries acts as a central booking agency.



The Angel at Henley on Thames

Roger Taylor

I then went off to sample a short trip on the Thames with Continental Waterways which also has an extensive French programme.

Clemence and Cadence, two venerable and imaginatively converted barges, each carrying 12 passengers and a crew of four, make their leisurely progress along the Thames, London's river which we, perhaps, take too much for granted. We spent the mornings ashore, visiting some of the exquisite and still remote villages in the lovely and timeless Thames valley. There was time for a pint in a pleasant pub before lunch on board, cruising idly in the afternoons and mooring before an excellent dinner with time to explore places like Marlow and Henley.

Maurice Dowdall, who can tell you who owns each mansion with its gorgeously-manicured lawns and river-side lawns, skipper Cadence while son-in-law, Simon, handles Clemence. I liked both the craft and their

totally informal, informative approach.

The prices quoted are again fully inclusive, covering early morning tea, full English breakfast, afternoon tea, wine with both lunch and dinner and all the trips ashore. Six-day cruises start at £220 each for a couple with a single supplement of £30 while the three-day rates, starting on Mondays or Thursdays, are from £120 and £135 respectively.

Whether you embark on the luxury of an hotelboat on our own inland waterways or on the often remote French canals, the keynote is total relaxation on calm waters.

ADDRESSES: AIA (Silver Arrow), 24/25 St. John's, High Street, London, W1X 9DD. Boat Enquiries, 7, Walton Wall Road, Oxford. OX2 6EO. Continental Waterways, 27, Albert Bridge Road, London, S.W.11. Cox and Kings, 46, Marshall Street, London, W.1. French Government Tours Office, 176, Goodwood, London, W.1V 0AL. Inland Voyages (Bookings), 14, The Arcade, Wythenshawe Town Centre, Manchester, M22 5BT. John Morgan Travel, 25, Albemarle Street, London, W.1. Stanford Publications, 12, Long Ave., London, W.C.2.

GARDENING

ARTHUR HELLYER

THE SUMMER rose show of the Royal National Rose Society always provides an opportunity to assess present trends in rose breeding and now that the show is being held in the Society's own gardens at St. Albans, the prospect of getting a true picture of the ground in which the newest roses can actually be seen in growth is excellent. Though last week's show was splendid though the garden was looking, I was unable to detect anything very novel either for this year or for years immediately ahead.

"Thank goodness for that," I can imagine some readers murmuring. And maybe they

are right, for the rose already offers such a range of styles, sizes, flower shapes, colours and perfumes that it is quite hard to think what further developments are really desirable. All the same there are two that I have been wanting for years, one resistant to disease, the other a pipe dream since nature always finds a way to getting back to a balance, and diseases play their part in maintaining that balance; the other is the elimination of thorns or at any rate those monstrous hooked horrors that catch one by the scruff of the neck when one is least expecting it. This is possible because thornless roses do already exist though no doubt I shall be told once again that the most famous of them all, the pink climber Zephirine Drouhin, is completely sterile and so cannot be used in any breeding programme.

Then let the breeders use all the resources of modern science, including genetic engineering if necessary, to make Zephirine Drouhin yield up its bland gene or get it from elsewhere for there are other thornless roses including the delightfully named old Boursalt climber Madame de Saunoy de Parahire.

I am sure that if there were a will the way would quickly be found but at the moment no one seems interested and certainly no bonus points are to be scored in the trials by any rose that is thornless. In fact I doubt whether the judges even stop to consider what kind of thorns each variety has for no one seems to agree with me that the more lethal rose armoury would do more to promote the popularity of the rose than any development since that accidental mating, more than a century ago, between an unknown hybrid perpetual and an equally anonymous tea rose that started the whole modern production of long season bedding roses.

But if there was nothing in the show or the trial grounds which really made me stop in my tracks and say "That's new and nice" there were several developments on familiar themes which seemed to be entirely desirable. Most of all I liked Regensburg which combines the compact habit so much sought after by several breeders these past few years with the bicolor effects that have been a McGredy speciality ever since he introduced Picasso in 1971.

Most of these "hand painted" roses, as Sam McGredy likes to call them, are rather brash in colour, none the worse for that if one has the right place for that kind of thing but emphatically not for every situation. By contrast Regensburg is a demure character, pink and white, not in the least aggressive and so neat in habit that, apart from the size of the rather flat multi-petalled flowers, it would almost qualify as a minia-

TRAVEL

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SPORT

Open fascination

GOLF

TRYING to improve next week's Open Championship at Royal Lytham on Friday the 19th...

When the final 36 holes qualifying competition are over just beginning to imaginarily imagine... But what is the worldwide interest in the world-wide Open Golf Club of 1979?

For this reason, I see twice-champion Tom Watson, despite his devastating record this year and previously, as a thoroughly suspect favourite at 9-2. Having witnessed his last three appalling performances by his standards, I hasten to add...

Australian Graham Marsh, who was in the top 10 in Chicago and Memphis...

Ben Crenshaw was 10th at Inverness, runner-up to Lee Trevino in Canada, and lost the playoff to Nelson in Chicago last week. He is driving the ball so much straighter now that I believe he is at least in the position to make his overdue major breakthrough.

Others with impressive credentials in America over the period in question who are in the top 20 in Memphis in his last two starts... Ben Crenshaw was 10th at Inverness, runner-up to Lee Trevino in Canada...

Nicklaus has twice finished third and once sixth at Royal Lytham, and is obviously desperate to prove that he is not only to blow himself out of contention on a formidable driving course at Glen Abbey near Toronto with a last round of 78.



Ashley Ashwood Tom Watson

He and Spain's Servando Ballesteros are seriously Europe's two outstanding candidates. But the gulf between American and European standards was best illustrated last month by South African Bobby Cole, a perennial failure in America for 11 years...

Cole's only victory was recorded over a poor quality field in the Buick Open of 1977. Yet he managed to fly in to finish runner-up to his countryman, Gavin Levenson, in the recent Belgian Open...

Roaring start for Britain

BRITAIN made a perfect start by winning the first two rubbers of the opening tie of their 1979 Davis Cup campaign against Spain at Eastbourne yesterday. First the British number one Buster Mottram destroyed the spirit of the Spaniard Jose Higueras...

England should comfortably defeat India to the present four match series, which could prove an anti-climax after the excitement of the Prudential World Cup. Unfortunately the Indians, who were beaten by Sri Lanka...

It is absurd to think of Jacklin, despite his recent resurgence, as a potential winner, since he has convinced himself he is a miserable putter. Promising as they are, our new breed of young lions such as Sandy Lyle, Nick Faldo, Mark James, Michael King, Ken Brown, Howard Clark, Gordon Brand and Sam Torrance...

met in Davis Cup play was four years ago in Barcelona, and Mottram had won then courageously in the Spaniard's own backyard...

Spain arrived at Devonshire Park with two victories under their belts—2-1 win against the USSR and a narrow 3-2 success against Austria. This last match played at the insistence of the Spaniards on a fast indoor court despite its mid-summer timing led to an inter-sectional objection. Although strictly legal this play was clearly against the spirit of the rules...

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TENNIS

has begun to believe in himself at last, as a grass court player. His play against John McEnroe in the second round at Wimbledon two weeks ago was surely the factor which finally changed his mind.

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CRICKET

visit to India in the previous year. Probably several of our key players would benefit from a rest from the game, but it is noticeable that complaints about too many tours and becoming stale are less frequent because there is so much money around.

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FISHING

THE ADDICTION to salmon fishing which has dominated my life for the past few years is passing. After a total of some 20 days flogging empty rivers in Wales and Scotland I find myself turning down invitations to fish beats where in the past I have angled for the chance...

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MOTOR CARS

CHEVROLET CAPRICES. 9 seats, 4 door, power seats, cruise control, electric windows, air conditioning, radio, roof rack, auto. 1978, 110,000 miles, £2,950.

BRADSHAW & WEBB. 400 SL4. 1978 (T) Metallic blue/blue black, air conditioning, electric roof, alloy wheels, stereo radio, 110,000 miles, £2,950.

ESPADA ENTERPRISES. LUXURY CAR BROKERS. We are a Brokerage Service for Private Buyers and Sellers of high performance and quality cars.

FOR TOURING THE CONTINENT PORSCHE 928 1978. Left-hand drive, Moche brown, air conditioned, twin electric mirrors, manual, tax paid, immaculate.

GRANGE MOTORS. 1978 (T) DAMLER 42 LONG WHEELBASE. Choice of 15,000 miles, both one-owner cars with radio/stereo, £10,750.

CITROEN in the City. For a comprehensive range of new Citroen cars including GSX 3 call 01-377 8811.

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FORD THUNDERBIRD 1978. Metallic Gold, two-tone, perfect condition. All extras including power windows and air cond., etc.

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ROLLS-ROYCE CORNICHE CONVERTIBLE. 1971 (K reg.) Gold/White interior. Some service history. Two owners. Manufactured normal specifications. £2,950.

MERC. 350SL. COLOUR LIGHT BLUE ONE OWNER. Immaculate condition 1972. NEAREST OFFER £9,000. Phone evenings Marlow 6474.

HI FI. FOR THE 'CARRIAGE TRADE'. High class sound for high class cars. We can custom build a system for your car.

ASTON MARTIN DBS-V8. LMO, Manual, 8 seats, 34,000 miles, immaculate, private overseas owner. £7,500. Tel: 0223 2357367.

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A Rival 41 built to Lloyds top classification.

BOATING

comfort to be derived from the fact that the hull was built under Lloyds supervision. That means, in practice, that a locally-based Lloyds surveyor will be a frequent visitor to the yacht construction shed during the formation of the hull.

BOATING

There has been a series of scare stories about glass-reinforced plastics centering about the dreaded word "osmosis". In plain English this means blisters on the bottom.

BOATING

There is a growing body of opinion that osmosis is endemic to glass-reinforced plastic as rust is to steel. The view of the Lloyds surveyors I have spoken to is that osmosis is something to be treated as a matter of routine maintenance and repaired as soon as possible.

BOOKS

Ladies' man

BY C. P. SNOW

A Pilgrimage of Passion: The Life of Wilfrid Scawen Blunt by Elizabeth Longford. Weidenfeld and Nicolson, £8.95, 467 pages

Wilfrid Scawen Blunt was nothing if not picturesque. He was one of the handsomest men of his time. He was also sexually attractive to a prodigious extent. There is a difference in kind between those two statements, as some women know by instinct or by experience discover. Blunt gave much joy to many women, so much that he remained on good terms with almost all from whom he parted—which is a testimony to a more than satisfactory lover. He was a daring traveller and one of the first explorers of the North Arabian desert. He became a passionate anti-imperialist, and campaigned for small nationalisms anywhere, particularly if they were arising under British rule. He wrote poetry which won respect from Yeats and Pound.

In spite of a whole series of critical illnesses, he lived to a venerable age (born 1840, died 1922). In his last years he had become established as something like an eccentric national monument.

Yet, with all this, there was something deeply missing. Elizabeth Longford writing this biography, and able to draw on his own private papers, which were not available until 1972, has done her best for him, but with her customary honesty gives us something of a clue. She is discussing his poetry:

"Blunt had achieved realism in his sonnets at the expense of depth. But even if he had worked it out... would he have climbed into the class of a Rossetti or even a Meredith? It may be that he was smothered by too great a

fatality of gifts, that he attracted too many happenings, that he had too much external personality, so to speak...

The operative word is external. One comes away from this book excited with all the author's formidable resources, feeling that, after all, under Blunt's magnificent panache there wasn't much of substance inside. It is a let down, but he doesn't seem to have been a specially interesting personality. He was certainly nothing like as interesting as his wife, Byron's granddaughter, reserved, inarticulate, long-suffering, curiously unperceptive (it took her a long time to realise that he was sleeping with some of her closest acquaintances) at least as brave a traveller as he was, and much harder. She had a depth of nature which he didn't possess and which she faced with introspective candour, not given to him. Lady Longford is as comfortable with her as with other personalities of definite structure, such as Wellington and Queen Victoria.

Anne Blunt is one of the heroines of the story. The other one is the famous tart Skittles, who started Blunt on his erotic progress and probably understood him with more clear-sighted eyes than any of his later mistresses. There was affection between them right into their old age, long past the time when Skittles, getting on for sixty, had been simultaneously the confidante of Mr. Gladstone and the Prince of Wales.

Blunt, not only married Byron's granddaughter, but set out as a competitor to Byron in amorous activities, and won, both in quantity and quality. Blunt was not fastidious about age. Friends' newly married wives of 18 were fair game. On the whole, though, he preferred

upper-class married women in their thirties, members of his own circle of Wynchams, Lyttons, and the group whom Max Egremont has called "the cousins." It didn't matter if they had large families. His best beloved, Minnie Pollen, already had ten children when she first fell for Blunt. Blunt promptly gave her another. His illegitimate children present a complicated tangle which needs considerable concentration to unravel.

His own wife had miscarriage after miscarriage, which darkened an unhappy life. One daughter survived and finally returned savagely against her father. That added conflicts to the end of his stormy existence. A good many of his women either were Catholics or became so, and he indulged in plenty of reflections about them which were singularly complacent.

A girl didn't need much in the way of looks to be added to Blunt's collection. Margot Tennant was not pretty, but before she married Asquith, Blunt cheerfully took her virginity. There are more surprising names in the list, among them the recently married Lady Gregory, aged 25. Blunt went on with his conquests until he was in his seventies and immobilised. To write "conquests" however, is not fair to Blunt. More often than not the women made the first move. Still, there have not been many more persistent womanisers. Almost for the only time in any of her biographies Lady Longford at one point loses her sense of the absurd. At the time of his marriage, Blunt engaged a lady's maid for his wife. The interview took place, rather oddly, on Waterloo Station. In his memoirs, he wrote, conscious of virtue:

"When I saw her, pretty as she was, on the platform, I



Elizabeth Longford—a new drawing by Judith de Beer

had it on the tip of my tongue to say, 'You are far too pretty for the place' but I did not say it and from first to last I refrained from the least word of flattery or love. For this she was grateful."

Lady Longford, also conscious of Blunt's virtue, comments: "The case of Cowie (the maid's name) shows that Blunt was not an uncontrollable amoralist." Well. That reminds one of William the Silent, earning the respectful appellation for the remarkable circumstance of being silent once. How much Blunt's crusades for nationalist causes really

counted is hard to reckon. For the Egyptian one, not at all. For the Irish, it must have been at least a change in the nineties, hundreds to have a flamboyant upper-class English voice shouting loudly on their side. For the Arabs, he seemed something like a prophet to T. E. Lawrence which did not prevent him from continuing to back the wrong Arabs. Blunt also seemed a prophet to H. St. J. Philby, who continued to back the right ones. But the oil world had been found anyway, Arabists or no Arabists. Are Blunt and Philby remembered in Riyadh today?

Union boss

BY JOHN BOURNE

The Awkward Warrior. Frank Cousins: His Life and Times by Geoffrey Goodman. Dutton, £15.00, 616 pages.

A long time after the seven-week London bus strike in 1968 the then Minister of Labour, the late Ian Macleod told the author of this vast biography: "Cousins didn't fit into the TUC Establishment, just as later he didn't fit into the Cabinet Establishment. He is a loner, a simple purist. Not an ambitious man in the political sense, but a man who identifies himself with the people he comes from."

Even later, Jack Jones, who followed Cousins as general secretary of Britain's largest and politically most powerful trade union, said of his predecessor that no other man in our time, including Ernest Bevin, had inspired working people as much as Frank Cousins.

These quotations to Mr. Goodman's book—it is almost as long as one volume of the Crossman diaries—come close to defining the strengths and weaknesses of the most remarkable of Britain's post-war trade union leaders. But comprehending Frank Cousins in the whole is almost as difficult as assembling one of those immensely difficult, interlocking jigsaw puzzles which were the fashion before 1890. (Where is that bit of cloud?) Mr. Goodman, who has long been regarded as the best informed industrial journalist on the British labour movement, makes a brave shot at putting the pieces together. The effect is kaleidoscopic. We are shown Cousins as basically a shy man, dominated by his mother, also "tough and real." True, honest—he once lectured a very smiling Queen Elizabeth on how she should "buy British," asking her about her foreign-made dress and shoes. But Cousins also had an intelligence which impressed people as disparate as George Woodcock, the most formidable of TUC

mandarins, and Sir Andrew Crichton, once chairman of the national port employers.

The biography also contains some startling evidence that Cousins—the arch left-winger, who over the E-Bomb precipitated the greatest internal crisis in the Labour movement since 1951—was once asked by George Brown whether he would become an MP in order to defeat Hugh Gaitskelli as Leader of the Labour Party after Labour's election defeat in 1955. Almost as intriguing is the information that, during the great conflict in the Labour Party over "In Place of Strife," White Paper proposing legal curbs on strikers, a number of left-wing MPs urged him to return to Parliament and lead the Left in the Commons and then make a bid to oust Harold Wilson.

According to Mr. Goodman, Cousins resisted that invitation as firmly as he had selected against the leadership. If he was to fight Establishment views, he was determined to do so with clean hands, and by concentrating on policies, rather than becoming involved in a bitter, personal contest.

The book also has some hitherto unpublished material—for instance, two long letters between Cousins and Gaitskelli about the E-Bomb just before Cousins and his supporters brought about the defeat which led Gaitskelli to tell the Labour Party conference he would "fight, fight and fight again to save the party we love."

It also contains enough evidence to suggest what I have always believed: that after his disastrous support of the London bus strike—when the Macmillan Government set out to break that new and frightening animal a left-wing general secretary of the Transport and General Workers' Union—Cousins gradually became a cautious industrial negotiator. This is not true, of course, as the high political issues of the

Frank Cousins: fighting all the way

day, the E-Bomb, Clause IV, nationalisation, opposition to the Labour Government's plans for statutory wage control, and the right of the rank and file through Labour Party conference decisions to try down socialist policies which a Labour Government must follow.

In those moments Cousins was as brave and proud as a lion. Indeed, his eventual resignation from Mr. Wilson's Cabinet—where he might have become an effective Minister of Technology—was as much about the impracticability of statutory wage restraint as about its unacceptability, a point, ironically, on which Mrs. Margaret Thatcher would at present agree with him.

The striking part of the book, however, is the detailed, at times excitingly painted scenes of Labour's E-Bomb battles. Here the two protagonists, Cousins and Gaitskelli, stand out as giants of courage and integrity, each refusing to budge from the principle he thought was right. They appear as two colossi, between whom lie the figures of men: Mrs. Brown, Crossman, Woodcock, Peou and Carter, who are all about trying to find meaningful compromises.

Fiction

Taken mysteriously ill

BY ISOBEL MURRAY

Shirley's Guild by David Pryce-Jones. Weidenfeld and Nicolson, £5.25, 150 pages

Letter to Sister Benedicita by Rose Tremain. Macdonald and Jane's, £4.95, 173 pages

Five For Sorrow, Ten For Joy by Rumer Godden. Macmillan, £5.95, 238 pages

Reported Missing by Lillian Barnea. Collins, £5.50, 221 pages

David Pryce-Jones's new novel, Shirley's Guild, is a tale of the visionary, or the paranormal, or the miraculously supernatural, or the sick. But one reason why it works, and why reading it is such a comfortable experience, is the time and skill he devotes to setting it in the real, even prosaic world.

This is the world of a decaying and unpretentious farmhouse on the quiet Welsh marches. Here Francis Williams lives a busy, trivial, useless life, occupying himself largely in watching his assets disappear and polishing the floors of the Arab shopkeepers in London. Tina is urgently occupied when Shirley Humphry, the lodge-keeper's six-year-old daughter and her god-daughter, is taken mysteriously ill. Tina and Mrs. Humphry watch over Shirley until her unexplained death.

And then, in a cave on a hill above her home, Tina sees Shirley, motionless in the air. And so do many other people, with the exceptions of a few determined sceptics. The subsequent events are described with economy, drama and comedy, and an awful sense of inevitability.

Since his life is to be upset anyway, Francis, who refuses to see the apparition, decides to make money and eventually an industry out of it. The Bishop (who almost certainly did see something) denies it vociferously: "Every allowance for divinity is in order," but not

here, not now. An intertextually faint, sceptical psychological comedy disprove.

One effect of all this is, paradoxically, to increase our willingness to believe: bishop and scientist are so prejudiced, so jargon-filled, and the early believers seem simple, innocent, unhygienic. As the action moves through an orgy of media-provoked mass excitement to a horrendous climax, the reader is puzzled, teased and confused.

David Pryce-Jones is concerned to pose questions, not to answer them. Even simple plot events remain unclear at the end, but more importantly the questions of miracle or schizophrenia, inexplicable happenings or illness, begin to pose general questions about the complacent rationality of our time—and on the other hand about the credulousness and excitability of the mob. Superbly written, it is an effectively disturbing book.

Rose Tremain's Letter to Sister Benedicita is also finely written, also questioning some of the bases of faith. The letter-writer is Ruby Constat, a fat middle-aged lady in deep trouble. Her husband has had a severe stroke and is paralysed, and her grown up children are far away.

Faintly and tremulously, Ruby turns back to her childhood in India, to the tiny, comforting mental picture of the idol of her convent school-days, Sister Benedicita. She writes her letter as a kind of diary, moving back and forth on different levels of time. She remembers childhood, and the horrors of being fat, and the funny ways of the English in India.

She also records the events of the present, her painful visits to her husband, who may or may not know her, who occasionally scribbles strange or grotesque messages on a pad. She goes back to lighting candles for Leon in Brompton Oratory, and asks Sister Benedicita to pray for him.

Gradually and patiently we also uncover another area, concerning the children. The dramatic content of this is dense and shocking, but unparaphrasable: it is the context that shapes and defines Ruby's coming to grips with various unpleasant faces of reality.

I didn't want to read this novel: the subject matter

seemed grey and depressing. But very soon I found it pulsive reading, the disentangling with Ruby of the levels of experience and memory quite absorbing, the disconcerting clarity—and sometimes comedy—of Ruby's insights riveting.

Rumer Godden's Five For Sorrow, Ten For Joy is a novel of the religious life, a subject-setting that has inspired some of her most successful novels, like Black Narcissus and In This House of Brede. Here a specialised order of French nuns, the Sisters of Bethane, not only make it their vocation to work among the lost, the criminal, the drug-addicts; they also welcome into the Order any of the women they have helped who shows a vocation, and once in the convent the Sisters are equal and anonymous.

Like the central figure here, was an English girl stranded in Paris during the war: later she became a prostitute, a Madam,

a killer, a nun. There are many other vivid characters such as the pathetic Sister Felice, whose hero-worship of Lisa the nun ashamedly finds very irritating, and the apparently luxurious, corrupt Viri, who meditates and achieves murder and revenge.

By no means all set within the convent walls, this is a very readable and dramatic story of manipulation, violence, double-dealing and redemption.

Reported Missing by Lillian Barnea is a very emotional novel set in Israel during the Yom Kippur war. Shalva, the Israeli wife of a successful American scientist, returns to Israel for Mark's sabbatical year, with the children. She has a passionate affair with a handsome Israeli. The novel is hectic and frenzied because it follows Shalva's emotions, opening after Amos has been called up to the war, continuing through his going missing on the Golan Heights. While the picture of Israel



Rumer Godden: nun's story

and the war, incidentally portrayed, is believable, and the heroine's emotions are certainly convincing also, the novel is perhaps too much on the one note to be altogether successful.

Ape and essence

BY KATE MORRISON

The Wandering Gorillas by Alan Goodall. Collins, £6.95, 244 pages

Viewers of David Almond's television series about Life on Earth may wish to pursue the mountainous trail of Alan Goodall's Wandering Gorillas. It was while he was taking a degree in zoology at Liverpool University that he became captivated by the subject of animal behaviour and it was this fascination that led him to the Virunga volcanoes of Rwanda, east of Zaire, to study gorilla family groups.

Research into the dolly habits of gorillas is a painstaking, exhausting business involving nerve-racking expeditions into the surrounding mountain forests. A great deal of delicate work is necessary to locate these elusive creatures and having found them the best and safest way of observing them going about their daily round is to pose as another friendly feeding herbivore. If the leading man of the group feels that the intruder is threatening his territory, this will precipitate a charge which is often accompanied by a deafening roar. However, Alan Goodall main-

tains that it is mostly "bluff" and that at heart they are peaceful animals who seldom attack. The fact that he has survived to write this survey which contains descriptions of amusing domestic family scenes seems to prove his point. He is con-

cerned that the tranquil, over-canooped forest of Rwanda, Zaire and Uganda should survive, too, and continue to harbour these rare mountain gorillas and other forms of wildlife which are at the risk of extinction and poachers.

Bank man's plight

BY ELIZABETH FORBES

Make Death Love Me by Ruth Rendell. Hutchinson, £4.95, 216 pages

It's dangerous for a bank manager, even the manager of a country branch as small as the Anglian-Victoria sub-branch at Chilton in Suffolk, to gloat over the contents of the bank's safe. Alan Groombridge doesn't mean to steal any money, but a robbery by two exceptionally incompetent young thieves forces his hand. Ruth Rendell uses her immaculate talent for describing the appearance of her characters, their background

and behavioural patterns, to animate their actions convincingly.

Joyce, 30-year-old cashier with very long legs and a very large bust, who talks in clichés, naturally reacts in quite a different fashion from Alan, arch-fantasia who reads poetry and is appalled to meet his fantasy-girl face to face in a Notting Hill antique shop. The book is a cautionary tale for those unable to distinguish between dreams and reality: it is also a fine novel of suspense, a touching love story, an eloquent anti-crime manifesto, a parable for the times and a profound character study.

Car memories

The Motor Car 1946-66 by Michael Sedgwick. Batsford, £15.00, 264 pages

With the latest oil crisis upon us it is interesting to remember the bubble cars with their miserly petrol consumption. Many of them were short-lived, but it was perhaps a sign of things to come that two of the best remembered in this country bore the names Helakel and Messerschmitt. By the end of the period covered by this book German car production, thanks in no small measure to the Beetle, had

climbed to second place after the U.S. and left Britain behind.

This is a mine of motor memories. You may find only a short mention of your favourite car of the period, but this is not surprising when you consider the number of manufacturers that existed.

Each car-producing country has a chapter, with a readable rundown on the cars produced and their fate. Trial and error seemed to be the order of the day with many manufacturers and the result was a number of casualties. BRIAN AGER

Patterns of living

BY RACHEL BILLINGTON

You May Well Ask: A Memoir 1920-40 by Naomi Mitchison. Gollancz, £6.50, 240 pages

I have always been grateful to Naomi Mitchison since the age of about 15 I discovered her novel The Corn King and The Spring Queen. Here in a large nine-part work (first published in 1931) was all the romance and sexual excitement sadly lacking from the reading considered suitable for a teenager in the late 1950s. Nor did it need to be disguised shamefacedly as in women's magazines or Ethel M. Dell. Its tremendous imaginative vitality never blurred an intelligent analysis of character, rich precise descriptions and complicated movements of structure and plot. Stimulated to pick it up again by Naomi Mitchison's latest volume of memoirs, You May Well Ask, I was delighted to discover that despite my thinning blood, the lure of its Greeks and Barbarians was as strong as ever.

The memoirs are to me, therefore, primarily the memoirs of a writer—as I am sure they are to Naomi Mitchison. Yet the chapter entitled "Why Write?" is probably the shortest in the book. This is not because it contains little of

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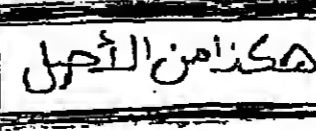
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Advertisement for Local Authority Bonds, providing details on how to purchase bonds through the Financial Times.



HOW TO SPEND IT

by Lucia van der Post

Something special in the sales

Harves Nichols of Knightsbridge has one of the most unusual sales departments that I know of. It is not just looking for rows and rows of standard floral plates, then it is not the plates to go. If, however, you are looking for china that is different, that is elegant, attractive, pretty or very witty, then you will go to go and have a look. It happens that their sale starts today so for the next fortnight much of this exciting china will be available at greatly reduced prices.

The new China department in particular is the one to aim for—here whimsical pottery from Italy is sold by the side with some of the prettiest morning tea-sets or dessert plates that I've seen.

There's also some totally charming animal pottery from Japan, like the duck mugs and the elephant tea-pot sketched below. Though the prices are not expensive when you take into account the originality and exclusivity none the less it may normally cost more than most people could afford. So indulge yourself now if it is the sort of thing you like.



A very whimsical but very pretty white ceramic tulip light. It comes simply as a ceramic piece and is highly decorative on its own but it is meant to be used as a light in which case you will need an electrician to wire it up. It is about 16 inches high and is reduced in the sale from £54.00 to £43.00.

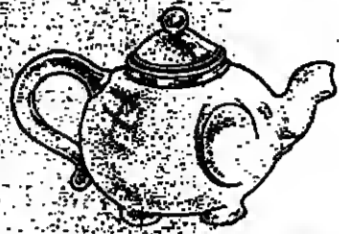
Drawings by Frank Wheeler



Most animal whimsy from the Japanese company of Fitz and Floyd—a lovely series of almost coloured mugs in the form of ducks' animal quackers they call them. They are normally £1.25 each and are reduced to £1.00 in the sale.



A convenient way to pass the jams around the table—three small white pots, each with its own very pretty, decorated top to help identification, set on the same small ceramic tray. The set is down from £16.50 to £12.50.



The Casa Fina department has a good selection of decorative tea-pots but the particularly fond of this elephant one by a Japanese firm called Fitz and Floyd. It's quite small, ideal for early morning tea for one; it is normally £13.55 but in the sale will be £12.45.



A charming white pottery jug decorated with a bright yellow and black bee. It is small, only just over 4 inches tall, but would be ideal for cream or milk. It is reduced in the sale from £10.20 to £8.70.

Dinner for two

BY JULIE HAMILTON

IF THE way to a man's heart is through his stomach, then the way to assess his character is by what he chooses to eat. Next time you and your partner decide to celebrate with a dinner for two, it might be fun to cook a meal specially designed to complement his character. So this week I offer suggestions for four different menus, each created to please a different sort of man. Either choose the menu to fit the man, or find a man to fit the menu.

SAUCES 'N' SPICE

This menu is for the man who enjoys delicate flavours, who says rare steak is barbarian, who prefers his meat with existing sauces. He probably has a restless and excitable nature, is a little unrealistic and secretive, but never boring.

- Prawn and avocado salad
- Chicken paprikash
- Hungarian cucumber salad
- Orange cream caramel

CHICKEN PAPRIKASH

4 chickens; 1 large onion; 2oz lard; 1 dessertspoon sweet paprika; 1 green pepper; 1 small tomato; 1 teaspoon salt; 1 teaspoon flour; 5oz soured cream. Heat the lard in a thick-bottomed saucepan. Finely chop the onions and cook them in the lard until golden yellow. Take off the heat and add the paprika, salt and onion, which you have cut into four pieces. Stir well and return to a gentle heat, cover and allow to simmer. After about 10 minutes add a

tablespoon of cold water; if it looks dry, add another tablespoon 10 minutes later. When the chicken has gently simmered for half an hour, cut the pepper into four, peel and slice the tomato and add both to the chicken. Cook gently until the chicken is tender, stirring from time to time. Remove the pepper and discard it. Sprinkle the chicken with flour, stir and add the sour cream. Cook slowly for a further 10 minutes. Serve with noodles or rice surrounding the chicken.

ORANGE CREAM CARAMEL

2 small eggs plus 2 small egg yolks; 1 tablespoon caster sugar; 1 pint pure orange juice; the rind of 1 orange; pinch of nutmeg. For the caramel: 2oz caster sugar

Finely grate the orange rind and soak it in the orange juice for 20 minutes or so. Combine the eggs, extra yolks and sugar and whisk until thick and creamy. Heat the orange juice to boiling point and strain it into the egg mixture, stirring briskly. Pour into the moulds and put them in a pan one third filled with hot water; cover the moulds with butter paper and bake in preheated oven for 30 minutes or until the creams are firm. Leave to cool, then chill for not less than two or three hours. Invert the moulds and serve with cream.

BE ADVENTUROUS

This menu is for the man who loves all foods, cooked in all possible ways (frequently by himself). He is creative and demanding, selfish, lovable and bound to be successful.

- Platter of mixed salami
- Transylvanian stuffed cabbage
- Mango ice cream
- Brie

TRANSYLVANIAN STUFFED CABBAGE

1 lb minced shoulder of pork; two 1/2 in thick slices of smoked back bacon; one small smoked sausage (approximately 4oz); 1 lb sauerkraut; two whole white cabbage leaves; 1 oz lard; 1 oz boiled rice; 1 oz chopped onion; 1/2 teaspoon salt; four black peppercorns; 1/2 teaspoon sweet paprika; pinch of marjoram; 1/2 teaspoon chopped parsley; one small egg; 1/2 oz flour; 5 oz sour cream; 1/2 teaspoon caraway seed; four juniper berries; 1/2 teaspoon sugar. Fry the chopped onion in 1/2 oz lard until golden yellow. Combine together in a bowl the mince, egg, rice, fried onion, a tablespoon of the cream and the parsley, season with a pinch of salt, black pepper and paprika. Scald the cabbage leaves in boiling water for four minutes. When cold, pare down the thick stalk. Divide the stuffing and place in the centre of the cabbage leaves. To secure, roll up

and fold in the two ends. Melt the rest of the lard in a thick-bottomed pan. Thoroughly rinse the sauerkraut and place half of it in the pan, add the sugar, salt, peppercorns, paprika, caraway seed and juniper berries. Lay the stuffed cabbage leaves on top, place the bacon and sausage in the pan, add the rest of the sauerkraut and half a cup of water. Put on the lid and simmer for 1 1/2 hours, carefully stirring from time to time. If it looks dry, add a little water. When cooked, remove the bacon, sausage and stuffed cabbage and keep warm. Mix the flour with the sour cream, stir into the sauerkraut and cook for a further five minutes. Place the sauerkraut in a deep serving dish, put the stuffed cabbage on top of it, slice the sausage and arrange it with the bacon on top of the stuffed leaves. Serve with plain boiled potatoes if required but no accompanying vegetables is really necessary.

MANGO ICE CREAM

One small mango; 1 oz icing sugar; 3 oz double cream; 2 oz single cream; one squeeze lemon juice; one egg white; 1 oz toasted chopped hazel nuts. Peel and stone the mango, put it in the liquidiser with the sugar and lemon juice (if you do not have a liquidiser push it through a fine sieve). Whip the two creams together until thick but not stiff, barely holding its form; if you overwhip, the ice

cream will be butter-like in taste and texture. Combine the fruit purée and cream. Whip the egg white until stiff and lightly fold it in. Place in a plastic box, cover and freeze as fast as possible. There is no need to stir. This can be done in the ice-making compartment of a fridge if turned up to maximum. Before serving, allow the ice cream to thaw a little, scoop out portions and sprinkle with hazel nuts.

Nature cure

IF YOUR strong principles on organic gardening desert you in favour of the most noxious but handy chemical spray when confronted with greenfly massing solidly along the stems of your rose bushes, stay your hand in time to get a bottle of Bio "Back To Nature" Insect Spray. Its natural ingredients are extracted from tropical plants and include Quassia,

older gardeners may remember laboriously distilling it from the chips of the tree and getting a noxious sneaking liquid which you think you would rather suffer the greenfly. As well as killing greenfly, blackfly and caterpillars (preferable to picking each one off by hand) it controls flea beetles, thrips and raspberry beetle grubs and keeps infestations of red spider mites in check. (Dr David Hessayon, who writes the "Be Your Own" gardening books, never makes extravagant claims for Pan Britannica Industries' products. Where he honestly feels he cannot "kill 'em all" he says "keeps in check.") A companion product in the "Back To Nature" range is the plant food made entirely from organic plus natural minerals.

When Bio "Recycler" was first put on the market some gardeners doubted that it would work. Well, it does and turns grass cuttings into manageable odourless organic manure. Most garden centres, large stores and Woolworths, stock the "Back To Nature" range. At about 85p for the plant-food and 42p the insect spray (which works out at just over 2p a pint) you can keep your plants clean and well fed for the coming season. Prices are for the smallest sizes.

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PLAIN AND SIMPLE

Asparagus au beurre

- Fillet of steak en croûte, deep fried
- New potatoes Cypriot style
- Tomato salad
- Fresh raspberries in sweet wine
- Blue cheese

FILLET STEAK EN CROUTE

2 thick fillet steaks; 6oz puff pastry; 1 tablespoon brandy; 1oz butter; 1 dessertspoon lemon juice; salt and freshly ground black pepper. Melt the butter in a frying pan, salt and pepper the steaks and just brown them on both sides. Add lemon and brandy and sizzle for a minute or two. Remove from heat and allow to cool. Halve and roll out the

pastry, making two rectangles large enough to wrap the meat in. Place the steak in the centre of the pastry, carefully spoon the juices from the pan onto the meat. Wet all four edges of the pastry and fold it up, pinching the edges together to seal completely. Chill for at least one hour. Deep fry, at the same temperature used for chips, until golden brown.

CYPRIOT POTATOES

Wash (but do not scrape or peel) enough new potatoes for two. Place them one at a time in a tea towel and wash them with a small heavy pan or a large hammer just hard enough for them to split but not break into bits. Put them in an oven-proof dish, sprinkle salt and a generous amount of coarsely

crushed coriander seed over them. Pour over enough olive oil to coat the potatoes and amply cover the bottom of the dish. Cover the dish and bake in a hot oven (gas mark 9, 450F), shaking them about from time to time, for about 45 minutes, depending on the size of the potatoes.

FISH BUT NO FEATHERS

The man who prefers fish to all other foods, who would rather eat feathers but is quite happy to have a boiled egg and cheese for dinner is likely to be aggressive, though it may be disguised. He is immensely kind and makes a very considerate husband.

- Aubergine Provençale
- Crah soufflé
- Fresh herbs and lettuce salad
- Crème Brûlée
- Cheese

CRAB SOUFFLE

1 lb crab meat, fresh or frozen; 1 tablespoon flour; 2 tablespoons butter; scant 1/2 pint hot milk; 3 egg yolks; 4 egg whites; 2 teaspoons dill weed; 1 teaspoon white wine vinegar; juice of 1/2 small lemon. Melt the butter and add the flour (use a double boiler to ensure no lumps), stir to a smooth paste, gradually add the hot milk and stir and cook until you have a thick sauce. Separate

the eggs. Make sure the crab meat is free of any bits of shell and is fairly crumbly. Mix the lemon, vinegar and dill into the white sauce, stir and remove from heat. Add the egg yolks one at a time and stir, alternating with spoonfuls of the crab meat. Finally whip the egg whites until stiff but not too dry and fold them in. Tip the mixture into a buttered soufflé dish and cook in a preheated oven (gas mark 3, 350F) for approximately 25 minutes.

CREME BRULEE

3 egg yolks; 1 oz caster sugar; 1 pint double cream; 2 dessertspoons caster sugar (for the brûlée topping). Lightly beat the egg yolks with the sugar. Bring the cream to boiling point and slowly pour it into the eggs, stirring well. Strain into a double boiler; it is important that the water over which you place the cream and egg custard is only simmering. Stir continuously until the

custard is thick but mobile, not firm. Pour into two ramekins and chill thoroughly. When chilled, heat the grill, cover the custard with an even layer of caster sugar about one tenth of an inch thick, place the ramekins in a suitable tray or tin and pack ice around each ramekin. Place under the grill, watching all the time. When the sugar has melted and turned golden brown, remove at once. It is now ready to serve.

Pop out a cube

ICE-TRAYS are a problem in our house—or were until we tried one the Treasure Ware tray, photographed above. I don't like the aluminium trays as you have to loosen all the cubes at once and then wait for the next lot to freeze before you have any more ice-cubes. Several plastic trays we have tried are too brittle and crack and have to be thrown out. The Treasure Ware tray is made of

heavy rubber which is far easier to use. Each cube's partition is independent, so you can pop out just the ones you like, freeze, left-over sauce in some cubes, orange juice in another, and something else in yet a third part. If you flex the tray the cubes really do pop out individually and at £2.40 it seems a good buy. It is available now from department stores, kitchen and hardware shops, in particular John Lewis.



Blowing hot and cold

ELECTROLUX has produced a totally new and immensely useful aid to better picnics. As you can see from the photograph above, it looks rather like a conventional food container but it is infinitely more than that. It acts like an insulated container in the normal way but in addition when it is plugged into the car's cigarette lighter socket it can be used either to heat food up or cool it down.

reverse—you can use it to cool down warm food or warm beer by just turning the plug in a different direction. The box won't heat sufficiently to be able to cook in it (it heats up to about 65 deg C and it cools down to approximately 3 deg C). It weighs nearly 8 lbs when it is empty and there's a tray which fits into the top which means you can pack various items separately.

There is a handle for carrying the box and when that is folded flat the box measures just over 13 in in height, just over 13 in in width and it is about 10 in deep. It is so new that it is going into good camping and caravanning stores this week. Find it at Hares Caravans, The Rushes, Loughborough, Leics; Mantels Caravans, Marsh Road, Luton; DIY Motor Caravan Centre, 230 High Street, Harlesden, London, NW10; Caravan Shop, 364 Great Western Road, Glasgow; Bristol Street Motors, The Hyde, Edgware Road, Hendon, London, NW9. It sells for about £86.00.



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Pep up a plant

SOME PLANTS like water not just on their roots but on the leaves as well. Certainly, most house-plants look better and are more likely to flourish if their leaves are kept clean. This little brass plant mister is ideal for spraying plants with water or pesticides. £2.90 from London: W1 and B, England Lane, NWS (90p p+p).

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To make an appointment or for more information, including copies of both the FT articles please telephone or write to: CAROLINE BOSLY. 01-722 7608. 13 Princess Road, Regent's Park, London NW1.



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ARTS

Remembering Rodgers

Last week in some reflections on the programme-content of Radio 3 I mentioned the Ulster poet W. R. Rodgers as being one of a cadre of creative people whose work used to enrich the Third Programme.

RADIO

ANTHONY CURTIS

invariably wholly scripted. On Sunday evening in a radio portrait of Rodgers himself, Tether that I did Me to the Future (Radio 4 UK) by John Miller we heard the producer of those pioneer Irish programmes, Maurice Browne recall the sense of outrage with which the radio critics of the early 1950s reviewed them.

Somehow Rodgers with his poet's eye and a generous allotment of time solved these problems in one go and established the form. But Mr. Rodgers spoke the scenes of work interrupted by the poet's drinking bouts among his Dublin cronies, of his sublime incompetence with the recording equipment, and of the occasion when he had to be looked up in a studio and only freed on production of a script.

He never said anything especially memorable in my presence but the innate courtesy of his manner and the beauty of his voice mentioned by contributors to this programme, do vividly remain with me. His poetic output was relatively small, totalling less than 100 poems and though he learned much from Manley Hopkins he had his own eloquent directness. Recordings of him reading do survive one of which was used in the programme. Other-wise his poems were spoken here by Denis Hawthorne with great understanding. His most famous poem "The Net" ("Quick woman, in your net catch the silver I fling!") proved invulnerable to time and most anthologues. It was inspired by the wife of his boss in the Features Department with whom Rodgers was staying after he had left County Armagh where he had been a minister of the Presbyterian Church. He had come to London to work for the BBC at the suggestion of Louis Macneice.

Rodgers eventually married her out at the same time he felt obliged to resign from the staff although no pressure was applied to him to do so. He then became a freelance and worked at home which proved fatal. He did some remarkable travel programmes for radio but the verse dwindled to a trickle. Before he died he had a brief American success on the campus circuit of California in the late 1960s. He organised an Irish exhibition there which Conor Cruise O'Brien and other visiting luminaries attended and his own readings aroused a great deal of what Benedict Kiely called "good-mannered, suppressed enthusiasm". His American future seemed assured but shortly after he died of cancer in hospital in Los Angeles in February, 1969. This programme, directed by Moore Wasson from Northern Ireland, was a lively tribute which Rodgers surely would have commended for its candour and lack of humbug.

Among regular radio listeners, jazz fans represent an active and creative minority. They are constantly putting pen to paper requesting the playing of almost unobtainable, long since out-of-print discs which Peter Clayton in his cheerfully conducted Jazzy Record Requests (Radio 3) on Saturday afternoon manages to obtain for them. This week we have had the splendid bonus on radio of a repeat of Francis Smith's three programmes on the short life of boogieogie, Stomp it on Down (Radio 3).



The Onk Theatre Overall from Amsterdam

Taking to the Hamburg streets

The third International Street Theatre Festival, the only one of its kind in Europe, was held as usual in Hamburg last weekend. It is always a hectically explosive occasion, in atmosphere at least. Suddenly the sedate city parade, the Jungfernstieg that runs alongside the inner lake of the Alster, is transformed by bunting, beer stalls, huge wagons dispensing hot pea soup, and crowds in holiday mood.

The weather was quite clement for Hamburg, although a glance at late night television in the hotel excited envy of the Wimbledon sunshine. Nothing deters the artists, however, not even those sudden squalls of icy rain that Hamburg flesh is heir to. There were over 30 troupes this year, many of them from Germany and Holland and the Dutch Embassy had participated generously in exchange for heavy advertising facilities in the shape of cheese and clog stalls and one or two from England.

With the hallowed precincts of the Four Seasons Hotel. Hours later, crowds on the opposite pavement were still cheering mystified guests as they came and went, but the Natural Theatre had long since disappeared.

This festival, or Alsterberg-nigen as it is known, has sparked off a taste for street theatre in Hamburg, to such an extent that the city was represented by at least eight new groups. None of them very good, mind, but eight nonetheless. The Dutch groups, Dogtroep and Idaho, were again very successful with their strange professional acting and driving jazz music. Idaho, especially, produce a marvellous, primitive sound on saxophones, percussion, drums, bagpipes and bells.

SPNM concert

The St. Bart's 20th-century Festival is playing 'best this week to a number of promoting organisations, there is the Concert, a New Macmillan Concert and on Wednesday night it was the turn of the Society for the Promotion of New Music to offer a programme. It juxtaposed three works for strings (the Arditi Quartet) with three for wood (the Double Reed Ensemble) wind won.

The most interesting of the string pieces was Beethoven's Sequenza VIII for violin, the British premiere of the latest in this series of virtuoso solo pieces. Though the Universal Edition advert in the programme listed a ninth, for percussion, and IRCAM is to premiere IXB next April. At a first hearing, the piece seemed to be arguing about backgrounds and foregrounds; the insistent staccato notes of the opening are gradually clouded with wisps of figuration, and one catches to hear the subtle textures. But later, after a section which treats a minuscule fragment with echoes of Bechliab technique (here a bit of counterpoint), the violin takes up a currying scherzo. The insistent notes return to interrupt—but one is still listening to the rapid patter, front and back, have changed pieces. The argument dissolves into a muted melody, a couple of aloof, chorale-like phrases, and the piece is over. Irvine Arditi played it superbly. Longworth's String Quartet, receiving its first performance, was a 20-minute piece of elegant, well-wrought argument behind which was difficult to discern a compelling sense of purpose; Milko Kelemen's Sphery of 1977 was an aggressive and unlikable exercise—about as much fun as chopping wood, and harder work. The full Double Reed Ensemble appeared only in Jerry Harrison's Lunga, a vast, eerie landscape of low, winding cor anglais, oboes screeching high in the trees and dinosaur bassoons trundling heavily over the ground. NICHOLAS KENYON

TV Radio

Indicates programme in black and white. BBC 1 7.15-8.30 am Open University (Ultra high frequency only). 9.00 Murr Men. 9.15 Bessie Cart. 9.40 Titcha. 10.05 Pina. 10.20 Zorro. 11.15 Tom and Jerry. 11.22 Weather. 11.25 Cricket: First Test: England v India. 1.30 pm Grandstand: Motocross (1.35) 500cc World Championship; Tennis (2.00, 3.30, 4.35) The Davis Cup: Great Britain v Spain; Cricket: First Test (2.00, 3.30) England v India; Motor Racing (2.45, 3.30, 4.20) Ninth round of the Formula One World Championship; Athletics (4.10, 4.55) The Nationwide Building Society A.A. Championships; 5.00 Final Score. 5.10 News. 5.20 Sports/Regional News. 5.25 The Hardy Boys and Nancy Drew Mysteries. 6.15 Jockeys. 6.45 Saturday Night at the Movies: "The Command" starring Guy Madison. 8.15 Sealife Special. 9.05 Sword of Justice. 9.55 News. 10.05 The Voyage of Charles Darwin. 11.05 Tennis: Davis Cup highlights. 11.15 The Quest. All Regions as BBC-1 except at the following times: Scotland—12.35 am News and Weather for Scotland.

Wales—12.35 am News and Weather for Wales. Northern Ireland—1.30-5.10 pm (standard) Evening News from Royal 5.30-5.25 Sports/News for Northern Ireland. 12.35 am News and Weather for Northern Ireland. BBC 2 7.40 am-2.45 pm Opeo University. 2.50 Saturday Cinema: "Hill and High Water" starring Richard Widmark. 4.30 Cricket: First Test. 6.30 Droopy (cartoon). 6.45 Grapevine. 7.15 News and Sport. 7.30 Saturday Night at the Movies: Harold Holt Ltd. recorded at the Royal Albert Hall in 1976. 9.00-10.00 The Marlboro British from Silverstone. 10.05 Cricket: First Test highlights. 10.35 Masters of Terror: "Doctor X" starring Fay Wray. 11.50 News. 11.55 Masters of Terror: "The Curse of Frankenstein" starring Peter Cushing and Christopher Lee. LONDON 8.45 am Sesame Street. 9.45 The Fantastic Four. 10.00 Superhero. 10.20 The Mersey Pirate. 12.30 pm World of Sport. 12.35 International Sports Special. 1.15 Cycling plus Athletics, American Soccer, and Australian Pool Check. 1.15 News from ITN. 1.20 The ITV Seven—1.30, 2.00, 2.30 and 3.00 from York; 1.45, 2.15 and 2.45 from

AYR: 3.10 International Sports Special (part 2) Water-skiing; 4.00 Wrestling; 4.55 Results Service. 5.05 News from ITN. 5.15 Bonkers! 5.45 The Masterspy. 6.30 Steve Jones Came Show. 7.30 Chips. 8.30 Sale of the Century. 9.00 Police Woman. 9.30 News from ITN. 10.15 Hard Times. 11.15 M'Lords, Ladies and Gentlemen. 11.45 Celebrity Concert (Cleo Laine). 12.45 am Close: George Robertson sang "The Way to the Buddhist Tradition." All IBA Regions as London except at the following times: ANGLIA 9.25 am Buying and Selling a House. 10.00 Kum Kum. 11.30 Cartoon Time. 11.50 News from ITN. 12.00 The West. 12.05 The Sweeney. 11.45 Police Woman. 12.15 am At the End of the Day. ATY 8.45 am A Question of Sex. 9.30 Buying and Selling a House. 10.00 Superman. 10.30 Saturday Cinema: "Mister Jenkins". 8.30 What's on. 8.45 News. 8.55 Devine Country (Stella Pons). BORDER 8.45 am Sesame Street. 9.45 The Fantastic Four. 10.00 Superhero. 10.20 The Mersey Pirate. 12.30 pm World of Sport. 12.35 International Sports Special. 1.15 Cycling plus Athletics, American Soccer, and Australian Pool Check. 1.15 News from ITN. 1.20 The ITV Seven—1.30, 2.00, 2.30 and 3.00 from York; 1.45, 2.15 and 2.45 from

GRANADA 8.40 am Untamed World. 10.05 Hugo's. 5.15 pm News. 5.25 pm News. 5.30 pm News. 5.45 pm News. 6.00 pm News. 6.15 pm News. 6.30 pm News. 6.45 pm News. 7.00 pm News. 7.15 pm News. 7.30 pm News. 7.45 pm News. 8.00 pm News. 8.15 pm News. 8.30 pm News. 8.45 pm News. 9.00 pm News. 9.15 pm News. 9.30 pm News. 9.45 pm News. 10.00 pm News. 10.15 pm News. 10.30 pm News. 10.45 pm News. 11.00 pm News. 11.15 pm News. 11.30 pm News. 11.45 pm News. 12.00 pm News. 12.15 pm News. 12.30 pm News. 12.45 pm News. 1.00 am News. 1.15 am News. 1.30 am News. 1.45 am News. 2.00 am News. 2.15 am News. 2.30 am News. 2.45 am News. 3.00 am News. 3.15 am News. 3.30 am News. 3.45 am News. 4.00 am News. 4.15 am News. 4.30 am News. 4.45 am News. 5.00 am News. 5.15 am News. 5.30 am News. 5.45 am News. 6.00 am News. 6.15 am News. 6.30 am News. 6.45 am News. 7.00 am News. 7.15 am News. 7.30 am News. 7.45 am News. 8.00 am News. 8.15 am News. 8.30 am News. 8.45 am News. 9.00 am News. 9.15 am News. 9.30 am News. 9.45 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From St Ives to Orkney

Sometimes the byproducts of oil can be beautiful, intriguing and worthy. That is certainly the case in Orkney today when the Big Burn, Cairn-a-Crois at Strathmore, Shintee at the end of a small pier overlooking the harbour, the converted 18th century manor with adjacent house, becomes the first art gallery on the islands. But it is much more than an opportunity for local artists to display their work. It is a gallery, a collection of almost 70 paintings of British art from around 1830 to 1900, concentrating on Ben Nicholson and Barbara Hepworth.

The work was acquired by Margaret, widow of a close friend of both artists and a patron of their work. St Ives school, now respected as one of the main springs of 20th century art. Margaret Gardner is not only an intimate of many of the leading artists of the past few decades she is also a lover of Orkney, where she has a house. It was her decision to establish the gallery, to accumulate treasures there, but to convert the idea into reality required cash, around £150,000 in all. And a great chunk of that cash has come from Dr. Armand Hammer, whose Occidental Oil company runs the terminal on the Orkney island of Flotta. He gave it to her.

It is money well spent, not only for sound commercial reasons in cementing relations between oil and the Orkadians (the terminal is remarkably unobtrusive and generally welcomed), but for its obvious artistic achievement. The Pier Gallery looks very fine and the paintings and sculpture seem completely at home there. A simple stone building, it has been converted by Kate Heron, whose father's workshop is among the most accessible on display inside, into two large rooms on the ground floor level and a succession of chambers in the upper gallery, forming light and airy cells with gaps to enable a longer perspective. At one end the sea is visible. All is white and sparkling and the human size of the accommodation is in perfect sympathy with the works, many of which are small.

The art of St Ives—and there are works by Terry Frost, Naum Gabo, Peter Lanyon, Roger Hilton and many more—is not immediately accessible, and might be thought obscurely advanced for the practical

Nijinsky's last battle

THE CELEBRATED diary compiled by the great dancer Vaslav Nijinsky just 60 years ago, as he was battling against the loss of sanity, is to make a public appearance in the sale room. On July 24 Sotheby's will sell the three notebooks which contain the diary, on behalf of the Nijinsky Estate. The auctioneers expect a price between £80,000 and £100,000. The copyright is a matter of interest, does not rest in the manuscript, but remains with the Estate, and Verity reported last week that Eric Glass, the literary agent, is understood to be negotiating lucrative hard-cover terms.

The career which established Nijinsky as legend, the greatest dancer in history, was astonishingly brief. His gifts were recognised in the ballet world of St. Petersburg when he was still a child, but he did not officially graduate until 1908. International celebrity came in 1909 with the debut of Diaghilev's Ballets Russes at the Châtelet Theatre in Paris.

There were five miraculous seasons with Diaghilev. Then in 1911, when the company arrived in Buenos Aires, Nijinsky married a young dancer, Romola de Pulska. Diaghilev, jealous and angry, cancelled his contract. Nijinsky was in his 24th year, and was, it seemed, for that moment doomed. An attempt to launch his own company at the Palace Theatre, London, was disastrous. In the early part of the First World War the Nijinskys found themselves trapped in Budapest, living with Romola's mother, the actress Emilia Markus.

Desperately needing his name for his American debut, Diaghilev organised a passport, and enticed Nijinsky back for an American season in 1916-17. During succeeding appearances in Spain and South America Nijinsky's mental instability became apparent. Romola took him to a rented home in St. Moritz. At first he seemed comparatively stable, and busied himself with choreography and a system of dance notation; but by the spring of 1919 he had retreated into the mists of insanity from which he was never to re-emerge.

The diary was written in the last desperate months, the winter of 1918-19. The writing is fast, but neat and legible. There is hardly a correction or alteration, for clearly this was the uninterrupted stream of Nijinsky's consciousness. Romola published some two thirds of his 100,000 words in 1937. Understandably, how-

BRIDGE

South ran his trump Knave, and winced when East discarded a heart. However, he led a spade and finessed dummy's ten, returning the four of clubs to his Knave. Now he took another spade finesse and cashed the Ace, leaving West with the one remaining trump. Theo came the key play—he led the heart Queen from the table, throwing a diamond from hand. This was allowed to hold the trick.

South had taken the first seven tricks, but he could not lead another heart—that would allow West, while he still had a trump, to set up a trick in the suit and defeat the contract—but he made no mistake when he continued with the diamond King. He then switched to the club eight, taken by the Ace, and East's diamond return was ruffed on his left. West could now cash his Ace of hearts, but that was the third and final trick for the defence.

The next example is again from a team match at championship level:

N. ♠ A Q 10 9
♥ Q J 10 9
♦ K Q
♣ Q 8 4

E. ♠ K 7 5 4 3 2
♥ 8 7 6 5
♦ 10 8 6 2
♣ A 10 3 2

With neither side vulnerable South dealt, and after two passes North hid a Precision one club, showing 16 plus high card points. South replied with two diamonds, and North rebid two no trumps. South now said three clubs. North stolidly replied three no trumps, and South's four spades concluded the auction.

Ruffing West's heart King,

CHESS

THE TRADITIONAL Clare Benedict tournament for West European teams opens tomorrow at Teesside Polytechnic, Middlesbrough, with England trying to regain the trophy they won for the first time in 1974 but lost to Denmark in 1977.

The two games this week both have a link with the Clare Benedict. The first was played in another European team event, the EEC Olympiad, also hosted by Cleveland and won last year by West Germany ahead of Britain.

White: V. W. Knox (Manchester); Black: F. Curtin (Dublin). Opening: Sicilian, Najdorf variation (Cleveland 1978).

1 P-K4, P-QB4; 2 N-KB3, P-Q3; 3 P-Q4, P-P; 4 N-P, N-KB3; 5 N-QB3, P-Q3; 6 B-KN5, P-R3; 7 P-B4, P-N4; 8 P-K5, P-P; 9 P-P, Q-B2; 10 Q-K2, KN-Q2; 11 O-O, B-N2; 12 Q-R5! (The critical move is 12 Q-N4. With the text, White threatens N-KXP, P-N3; 13 Q-R4, B-N2;

CHES

14 BxP? (looks impressive, for if 14...PxP? 15 N-K3P, Q-N3; 16 B-Q8! — but instead of this Black should ignore the combinations with 14...0-0! when he soon regains the pawn with the better game. Because of all this master players prefer 14 B-K7! BxP? 15 N-KP! (a surprise refutation. Suddenly Black is lost), P-KN (or L-N3; 16 N-N7 ch! B-N3; 17 KR-K1 ch, K-B1; 18 BxN!; 19 Q-QN4! B-Q3 (Black can only stop the mate threat at K2 by going into an ending a pawn down with a had position): 17 BxN ch, NxB (KxB; 18 RxB ch wins); 18 Qx3 (Q8), Q-R1; 19 R-Q, N-B1; 20 R-N1, P-R3; 21 R-N6, P-B2; 22 RxB, R-P; 23 N-K4, N-Q2; 24 R-Q1, N-K4; 25 N-B6 ch, K-B1; 26 R-B1, Resigns.

The second game is from the recent championship of Holland, one of the favourites for next week's Clare Benedict.

Black overpresses on move 14 and then misses a tactical point on move 20. White plays the whole game with calm efficiency, and the result decided the title which Ligerink won a point ahead of his opponent.

White: G. Ligerink. Black: J. H. Timman. Opening: Ruy Lopez (Dutch championship 1978).

1 P-K4, P-K4; 2 N-KB3, N-QB3; 3 B-N3, P-Q3; 4 B-R4, P-Q3; 5 O-O, B-Q2; 6 P-B3, N-B3; 7 P-Q4, Q-K2; 8 R-K1, P-KN3; 9 QN-Q2, B-N2; 10 P-KP, P-P; 11 N-B1, O-O; 12 B-KN5, P-R3; 13 B-R4, Q-R1; 14 Q-K2, P-KN4? (Black aims to establish a knight on K5 but he underestimates White's central play. Correct is 14...N-N1 followed by P-QB3 and a gradual advance on the queen's side); 15 B-KN3, N-KR4; 16 N-K3, N-B5; 17 BxN, N-Q5!

POSITION No. 276
BLACK (11 men)

WHITE (10 men)

Zuidema v. Whiteley, Clare Benedict Cup 1974. Black's next move in this diagram settled the result; how should the game go?

PROBLEM No. 276
White mates in three moves at latest, against any defence (by L. I. Kuhlhel).

BLACK (3 men)

WHITE (4 men)

Solutions Page 14

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During the Irish invasion scare of 1779 the citizens of Belfast received permission to form a Corps of Volunteers to protect themselves against the French privateers. Soon other places did the same and within a few years 191 units had been raised with 34,000 men.

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The cross-belt plate illustrated above is included in a sale of Uniforms and Militaria at Christie's South Kensington on Thursday, August 9th. For further information on this sale or future sales of this kind, please contact Susan Mayor at Christie's South Kensington, 85 Old Brompton Road, London SW7 3JL. Tel: 01-581 2231.

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Saturday July 14 1979

Taking our medicine

THE strong inflationary pressures which persist in the economy have been made very clear this week. First, the wholesale price indices showed that the prices of manufactured goods are rising rapidly in response to the big increase in industry's raw material and labour costs since the autumn.

Wage round
If the world economy starts to slow down, as seems virtually certain, the rise in input prices should begin to ease later in the year. But the prospects for retail prices over the next few months are not good.

spending has helped to keep industrial activity at a moderately high level, although, as usual, a depressingly large amount of the benefit has gone to importers. The extreme case is the passenger car market, where the share of imported cars rose to 55 per cent in the first half of the year, compared with 47 per cent in the same period of 1978.

Exports have been helped by the strength of the American and some of the European economies. But these sources of demand are certain to weaken by the end of the year if not before.

Unemployment
Thus the world trade environment over the next 18 months is unlikely to bring much comfort to the Government as it seeks to shake inflation out of the system and reorientate the economy.

Secondly, the banking figures for mid-June highlighted the monetary pressures which led the Government to increase the Minimum Lending Rate to 14 per cent in the Budget.

The buoyancy of bank lending partly reflects the strength of consumer expenditure ahead of the increase in VAT, but there does not appear to have been any marked change of trend in recent weeks.

The hope is that after taking this unpleasant medicine the economy will emerge in leaner, more competitive shape towards the end of next year, when the incentive effect of lower direct taxes should be making itself felt.

This is a point which the Government has not yet got across with any great persuasiveness: one way of bringing it home would be to take action on gas prices, which at present are absurdly low in relation to world energy prices.

THE ARTS world has just discovered at first hand the ups and downs of politics. Within weeks of welcoming, in the shape of Mr. Norman St. John Stevas, a British Minister for the Arts who publicly committed himself to championing its cause in the Cabinet as well as in the nation at large, it has to face the depressing reality of Government public expenditure cuts which lopped 2 per cent off the Arts Council's 1978-80 grant, as well as higher VAT which has lifted seat prices for theatres and concert halls.

Inflation element

The real crisis is likely to emerge next spring. For the rest of this year theatre groups, dance companies, and so forth, throughout the country are certain to protest as the local authority contribution to their funds is reduced, or even withdrawn. But for 1979-80 the Arts Council, by far the biggest supporter of the arts, has reassured its 1,200 clients that their already notified grants will be maintained. However, to comply with Government instructions the 2 per cent decrease, to £90m for the year, will be made effective in the 1980-81 support.

Ironically, for the first time in three years, the Arts Council had managed to squeeze from the Government a real increase of its funds for 1979-1980. The grant was up by 25 per cent, which covered inflation and added a little more in recognition of the fact that the effect of inflation on the arts tends to be greater even than in the world at large.

On the other hand, the Arts Council is under pressure to look after its more adventurous projects because the solution propounded by the Government to solve the chronic financial problems of the arts—more support from business—is likely to pass over the orotund ordo altogether. It is a persistent criticism of companies that they only want to be seen underwriting the safe, the respectable and the popular in the arts.



A scene from The Rake's Progress. This new production of Stravinsky's opera at Covent Garden was financed through substantial contributions from a private patron, Mrs. Edgar G. Tobin, and from the Royal Opera House Trust, which was set up in 1974 to persuade companies, and some individuals, to support Covent Garden with cash.

pinning work which is both experimental and worthy while trying to safeguard it from the sometimes relevant criticisms of its political paymasters. At least Mr. Norman St. John Stevas has a belief in community arts—one of the most controversial areas, —so the council may once again get its way, surviving because it is disliked by extremists of Left and Right, and confirming its reputation for rough-and-ready impartiality. Sir Roy says: "We regard the next couple of years as a challenge. We shall respond positively, even though it means that some recent ideas, such as the canvassing of a 'super orchestra' for London at a cost approaching £1m, will have to be shelved.

The Arts Council will always be the major financial mainstay of the arts in Britain, but the arts certainly wants to broaden the sources of revenue, and in particular would like to see much more business and private aid, both in terms of corporate sponsorship and private patronage. To date industry probably pumps approaching £4m into the arts, a considerable increase in the past few years but a tiny sum set against the Arts Council's business commitment to the arts is announced.

Two weeks ago Amoco announced £250,000 of support, spread over five years, for the Welsh National Opera, probably the largest sponsorship ever by one company in the arts. The money will enable the WNO to appear in London and also help it with recordings. It means the possibility of a more varied repertoire and some easing of

the financial headaches which affect all arts organisations, but in particular opera companies with their very high costs. For Amoco it creates good will in Wales, where it is just increasing the capacity of its Milford Haven catalytic cracker, and also contributes towards a more prominent image in the UK market where to date its market share has been below its world ranking as an oil company.

Under the British taxation system help for the arts can be set against Corporation Tax, reducing by more than half a sponsor's real expenditure. The problem has been a lack of will rather than an absence of governmental financial encouragement. Too many companies regard helping the arts as a way of entertaining suppliers and customers with a

patina of extra publicity. The grand occasions, such as Glyndebourne and Covent Garden, are favoured and very little research is carried out into the general impact. Things are changing under the guidance of the Association for Business Sponsorship of the Arts, which now has 68 members and does a big educational job as well as acting as a marriage broker. It was instrumental in bringing together WNG and Amoco!

Despite the greater professionalism, helped along also by the existence of consultants, like Kellaway, who devote themselves to linking business and the arts, most industrial sponsorship is seen as casting bread upon the waters. It need not be so. Harvey's of Bristol, for example, has built up a mutually beneficial relationship with music from small beginnings, culminating in its sponsorship of the Leeds piano competition, which receives worldwide attention. The last competition received five hours of TV coverage, as well as Press publicity, which by any standards is a good return for £12,000. These days the BBC is quite prepared to mention the sponsor of any concert or opera broadcast so that the main inducement for sports promotion—a transmitted plug—is now available from the arts.

The major sponsors of the arts remain the Imperial Group, which has kept its aid fixed at around £250,000 a year now for some time and is a regular backer of a Covent Garden production as well as of Clarendon, IBM, which helps in small ways at the local level as well as contributing, usually,

£100,000 plus annually to one major London event (this year the 'Post-Impressionist' exhibition at the Royal Academy) and to the European Community Youth Orchestra at the international level; the Midland Bank, which continues its help for the Covent Garden Proms; and W. H. Smith, which has come in recently with a concentration on children and the literary world.

Other banks and insurance companies are also active, especially the National Westminster and the Commercial Union helping Covent Garden, the main beneficiary of industrial aid. Even so only around £300,000 of 1978 turnover derived from this source, and there are still productions in its forthcoming season which need business money.

Wills the sponsorship of the recordings of the London Philharmonic Orchestra under the Classics for Pleasure label. With total sales so far of around 2.5m the investment produces a royalty which can meet the cost, although this is once again ploughed back into the orchestra. Harvey's is attempting a similar operation with RCA, and English music.

Although there are many opportunities for arts sponsorship—fine art, architecture, jazz, literature and the theatre are still largely ignored while music, opera and ballet attract most of the attention—the economic climate may deter companies from making a commitment, which should always be long term. At least arts organisations are starting to realise that a sponsor needs a return in publicity as well as bringing the artists into close contact with the staff, customers, or suppliers of the industrial supporter. There will always be the arm's length approach of underwriting an opera as a token of good will, but in the future the consultants and the marketing men will be involved to try to evaluate the return on the investment under a long list of headings. It is unlikely that the personal income tax cuts at the highest levels will bring in many private patrons but the need for business to show itself as socially responsible must, in the long run—and give some eventual improvement in the economy—ensure that commerce as a junior partner with the Arts Council will play its part in maintaining the position of Britain in the arts.

U.S. role as patron
Last week America Express committed itself to the London Symphony Orchestra, underwriting its tour of North America next summer to the tune of £250,000. Without such aid the LSO could never have attempted such a costly venture and it is the biggest single corporate aid for the orchestra. It is perhaps significant that both companies are American, for in the U.S. companies are much more conscious of their role as patrons of the arts with the aim of improving the quality of life. Many hundred millions of dollars go to financing the arts there, helped by tax inducements.

Wimbledon
Sir, — In his comments on Wimbledon (July 9), John Barrett asks for an improvement in the standard of officiating. Surely the time has come to let the micro-chip take the strain. Television cameras linked to a device which could identify a tennis ball and the lines of the court in relation to one another would soon displace linesmen. How apt it would be if the country which invented both tennis and the computer should produce something which put an end to the petulance which so often spoils the championship. R. Tait, Four Winds, Pebble Hill Road, Betchworth, Surrey

Letters to the Editor

Inspiration

From Cdr Innes Hamilton. Sir—Surely we have now had enough self-congratulatory comment in your columns by obvious Tory voters, and in particular those claiming to represent the City's views.

No one doubts the good intentions of Sir Geoffrey Howe but the key to Britain's survival as a nation of consequence is increased production at competitive prices with on-time delivery. It is naive to think that a reduction of 3p in income tax (offset by rip-roaring increases in the price of almost everything) is going to inspire everyone to work like blazes.

Neither friendly relations nor confrontation with the unions; nationalisation nor hiring out the best bits of industry to private enterprise; wages and prices policies nor leaving it all to "markets forces" will achieve the radical change required in the whole conception of industrial democracy in Britain. Put simply, all our troubles would be solved if everyone who worked in any enterprise had reason to wish fervently that the enterprise was profit-making and successful.

It matters not whether the boss is the State, Sir John Biddis, or a bunch of shareholders. If one gets the same dreary money every week, regardless of one's effort, if one is referred to as the labour force, has no say in the running of the business, and no share of the profit in the making of which all have played a part. What is needed is inspiration and enlightened mutual enthusiasm by everyone in industry because they feel part of it and share in the creative ideas and the rewards which can be won by those who really care.

Our two larger political parties trot out the same old stuff, preserving the appalling divisions in every aspect of our national life. Roll on proportional representation when the millions who believe in people and what they could achieve, are represented by more Liberals in parliament and

we can legislate on these things. It will take time, but it will be a new dawn. Meanwhile, let's stop kidding ourselves that tinkering will make us great again.

Innes Hamilton, Fairway Lodge, Virginia Water, Surrey.

VAT

From Mr. D. Franklia Sir.—Mr. K. A. Bishop (July 3) holds a widespread belief that the effects of the increase of VAT is a serious effect for the majority. He says that "at a stroke, prices on practically every commodity increased by 7 per cent."

Many types of goods such as electrical items were increased by 21 per cent and in a 1977 statement by Mr. Denis Healey, the former Chancellor, he pointed out that VAT covered only 45 per cent of goods consumed by the average person. D. G. Franklin, Lerpinnure House, 121, Kennington Road, SE11.

Footwear

From the Director, Economics and Legislation, British Footwear Manufacturers' Federation.

Sir—I was sorry to see that your leader writer (June 26) still regards us as a basically protectionist industry although we have tried to set out our true position in your own columns and elsewhere.

To restate the position: some three-quarters of the world's footwear making capacity is now effectively protected against imports—and the proportion is growing rather than falling. This means that the world's exports are concentrated towards the only remaining open markets of any significance—West Europe and the United States. It also means that our exports too are increasingly restricted to these markets only. We would welcome, and

think we could compete very successfully in a world free of import restrictions—the growth in our exports to other EEC countries from 3.8m pairs in 1970 to 9.2m pairs in 1978 testifies to this. But in practice there is not the slightest chance that significant progress will be made in reducing the barriers: an analysis of them shows that with few exceptions they are maintained for good reasons. That is why to correct the imbalance in trading arrangements — which itself distorts trade—we envisage some form of world-wide regulation of trade in footwear as being inevitable. To try to compete naked in an arena of armed men is in the long run suicidal, even though we are managing for the time being.

W. N. S. Calvert, Rogity House, 72, Dean Street, W1.

Trolley bus

From Mr. H. F. Watson Sir.—Mr. Line's letter (July 11) is a pipe dream. All the authorities running trolley bus services destroyed them some years ago. It was the most suitable form of urban and city transport so far invented. However, the oil lobby made sure that we have now to suffer the stinking diesel bus. The city air is often blue with the smoke, not to mention the noise, from these obnoxious vehicles.

Maybe it is still not too late to bring back the trolley bus to city centres and urban areas and leave the long distance journeys to the railways. H. F. Watson, 129, Wolnut Tree Road, Charlton Villogc, Shepperton.

Cars

From Mr. W. Mortia Sir.—Oil producers see the Governments of most of the

industrial nations creaming off, through high duties and tax a substantial slice of consumer spending on oil fuels. Quite rightly the oil producers must argue, why should they provide the basis for these high revenues for the tax coffers of other Governments?

What is happening in effect, is that user Governments are setting the pace of price increases that consumers are prepared to pay. The response of the oil producers is to say, "thank you very much for showing us that we can now put our prices up even more!"

The correct remedy to save oil imports lies in doing the opposite to what is currently practised and proposed: namely, duties or taxation should be put, not on the fuel itself, but on the vehicles or equipment using oil. In the case of cars, the annual road duty should be raised substantially, probably starting with £200 a year, or more for a small car and rising progressively for large ones. Petrol and other fuels should not be taxed at rates higher than other commodities. At the same time cars should no longer be allowed as a business perk.

What would be the effect of such changes? There would probably be a fall in car ownership and a shift towards car hire and hire and greater use of public transport. There would be a considerable reduction in road congestion, itself a major source of fuel waste, and a substantial improvement in public transport facilities. A much more effective use of resources would result from a larger car hire industry, since vehicles would be more intensively used than they are at present. The number of cars in use would fall and here again there would be substantial energy and raw material savings in all areas of transport expenditure.

There is not space here to consider the full implications of such changes in taxation policy. Possible employment in the motor industry, is clearly an important factor, but given the high level of imports, much of

this would be an overseas problem. At the same time, there should be a notable revival in public transport and in motor services with a proportionate rise in employment in these sectors.

Accountancy

From Mr. W. Rowland. Sir—I refer to your accounting supplement (July 3) and in particular to Michael Dixon's article headed "Hurdling the exams."

I think it is most unfortunate that he should rely on the "opinion among the private colleges" for views as to whether or not the professional accountancy bodies have got the "qualifying process right." Surely the people to ask are the users and not the academics.

Among my accountancy colleagues at work are English and Scottish CAs, cost and management accountants and certified accountants and we are happy to have the certified accountants examinations as the prime source for our qualified accountants as we believe that those exams do provide practical grounding for modern day financial and management accountancy.

Architecture

From the Chairman, Association of Consultant Architects. Sir.—While I agree completely with Mr. Noel-Baker's plea (July 11) for the restoration of educational grants for British students to the Architectural Association School of Architecture, I feel bound to take issue with him over his description of the state of contemporary British architecture. If Mr. Noel-Baker were to visit the current exhibition at the

Royal Academy he could not fail to be impressed with the richness and variety of architecture currently being produced by British architects. J. M. Austin-Smith, 40-42, Lexington Street, W1.

Creditors

From the Secretary Institute of Credit Management Sir.—We are pleased that Sir Kenneth Cork, our President, who is Chairman of the Insolvency Law Review Committee, is to investigate an enquiry into the Crown's right of "set off."

In far too many liquidations, the Crown has been able to jump the queue of unsecured creditors, by setting off, for instance, amounts due to the insolvent company for work done on Admiralty contracts against outstanding PAYE without having to prove mutuality of dealing, which is the basis upon which a right of "set off" exists. The Institute hopes that something will come of this to enable the "set off" to be limited, at least to the same Departments of the Crown.

Wimbledon

From Mr. R. Tait. Sir.—In his comments on Wimbledon (July 9), John Barrett asks for an improvement in the standard of officiating. Surely the time has come to let the micro-chip take the strain. Television cameras linked to a device which could identify a tennis ball and the lines of the court in relation to one another would soon displace linesmen. How apt it would be if the country which invented both tennis and the computer should produce something which put an end to the petulance which so often spoils the championship. R. Tait, Four Winds, Pebble Hill Road, Betchworth, Surrey

Trust Schroeder Wagg advertisement. Large stylized logo for 'Trust Schroeder Wagg'. Text includes: 'Henry Schroeder Wagg & Co. Ltd. is one of Britain's largest and most respected Merchant Banks. Our experience and skills in world stock markets are such that many leading companies and institutions invest with the Investment Department of the firm. Substantial sums of money are entrusted to our care. Private investors can also benefit from our expertise by investing in our Unit Trusts. There are four funds: SCHROEDER CAPITAL FUND, SCHROEDER GENERAL FUND, SCHROEDER EUROPE FUND, and SCHROEDER INCOME FUND. Investment objectives range from balanced fund to steady growth of well-managed European equities. Contact: 12 Queen's Square, Brighton. Tel: 01273 733111.

مركز من النحل

UK COMPANY NEWS

Thorn finishes at £118.1m after static second half

A STATIC second half has left Thorn Electrical Industries with taxable profits ahead from £110.3m to £118.1m for the year ended March 31, 1979. External turnover was £1.31bn compared with a previous £1.09bn.

operations during the year totalled £188.4m against £162m last year, and capital expenditure came to £137.5m (£131.8m).

The chairman says there is an improvement in overseas results despite the strength of sterling. The directors are laying the base of a much expanded international business, particularly in the television rental subsidiaries and selective acquisitions in engineering.

Shipping side leaves Ellerman well down

Shipping side leaves Ellerman well down. Following a slump from £4.07m to £4.50m at the half-way stage, Ellerman Lines finished 1978 with taxable profits more than halved from £2.2m to £3.7m. Turnover rose to £187m, against £163.1m.

Town and City cuts deficit

Town and City Properties, which ran into serious problems with the collapse of the UK property market in 1973-74, is continuing its slow recovery, with pre-tax losses last year further reduced to £13.9m.

BIDS AND DEALS Reed Intl. sells S.A. subsidiary

Reed International is progressing with its detachment from South Africa. Yesterday it announced the sale of its South African stationery manufacturing operations to the Dickinson Robinson Group for £2.8m.

Bank has been completed following the necessary Government approvals. An agreement was reached on June 1 for the purchase of ASR, the finance company subsidiary of Associated Securities.

Hay's Wharf £4.78m rights to help support expansion plans

Proprietors of Hay's Wharf, the shipping to property group, yesterday launched a £4.78m rights issue to help support its £17.5m expansion programme.

Kuwait Investment Office controlling a 32.7 per cent stake in Hay's Wharf has said it will take up the rights offer which has been underwritten by Morgan Grenfell.

of industrial unrest, such as experienced last winter, the prospects for the group's trading divisions next year appear good.

Marston goes ahead to £4.5m

WITH second-half profits virtually static, the taxable surplus of Marston £17.5m compared with £4.7m last year. UK cash balance in hand at year-end amounted to £10.1m (£10.3m overdrawn last year) and net borrowings overseas were £27.6m (£34.4m).

Turnbull Scott losses increase to £2.2m

Turnbull Scott Shiplog suffered pre-tax losses of £2.2m in the period from February 1, 1978 to March 31, 1979 on turnover of £9.78m.

Pentos agreed offer for Caplan Profile

Pentos, the publishing, construction and leisure group, has made an agreed bid for Caplan Profile, the office furniture and expanded polystyrene manufacturer.

Its half year results for the six months ending in February 1979 showed pre-tax profits of £1.1m, compared with £0.5m in the previous period.

Results due next week

In a fairly busy week for company announcements, Rank and Gestetner will be showing how the office equipment has performed over a difficult trading period.

meat sales are being squeezed by Xerography. Against this theory trading background has come the rise in sterling, of overriding importance for a group which sells abroad and much of its areas, like France, against which exchange movements have been very sharp.

This year has been one of consolidation for Distillers, which announces preliminary results on Thursday, and pre-tax earnings should have risen only slightly faster than inflation.

should again make a solid but unpectacular return and there is some impetus for growth in the reorganised meat sector.

A. B. Foods on target at end of first quarter

After again setting its budgets for real profit growth all major divisions of Associated British Foods were on target at the end of the first three months, chairman Mr. Garry H. Weston told the annual meeting.

The second pressure came from the possible interruption in energy supplies and increases in its cost.

ICI acquires options for Robintech stake

ICI Americas Incorporated, the US subsidiary of Imperial Chemical Industries, has acquired options to buy a 32 per cent interest in Robintech.

Robintech also said it is completing talks with ICI on a long-term contract by which ICI will supply part of Robintech's annual vinyl chloride monomer and polyvinyl chloride requirements.

Debenhams sales up 15% after pre-Budget boost

CURRENT SALES at Debenhams had been distorted by the pre-Budget spending spree, Sir Anthony Burney, chairman, told shareholders at the annual meeting.

The group had been criticised in the past about its policy of entering into sale and leaseback transactions on certain trading properties, the chairman said.

PMA profit forecast

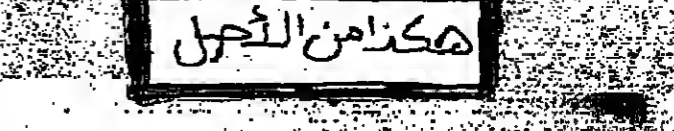
PMA Holdings, which is making an agreed bid for Harris Lebus, has estimated pre-tax profits of £400,000 for the year to March compared with £175,000 for the previous year.

County Council concerning the future of the south docks have now reached an advanced stage, but the company says it is still too early to say what the outcome may be.

Table with columns: Company, Announcement date, Dividend (p) Last year, Dividend (p) This year, Company. Lists dividends for various companies like Allied Colloids, Alliant London Properties, Associated Leisure, etc.

Table with columns: Company, Announcement date, Dividend (p) Last year, Dividend (p) This year, Company. Lists dividends for various companies like Alexander's Discount Company, Amalgamated Distillers Products, etc.

ASSOCIATED TEA, LONDON AND EUROPEAN, MERSEY DOCKS, DIVIDENDS ANNOUNCED. Includes text about tea advertising and dividend announcements for various companies.



Wall St off another 3.33

INVESTMENT DOLLAR... Effective 22.290 81% (111%)... THE DECLINE continued in active trading on Wall Street yesterday...

up to 50 pence while Bundesbank... up to 50 pence while Bundesbank... up to 50 pence while Bundesbank...

and Oils were mixed, Mechanical... and Oils were mixed, Mechanical... and Oils were mixed, Mechanical...

JOHANNESBURG - Gold... JOHANNESBURG - Gold... JOHANNESBURG - Gold...

NEW YORK

Table of stock prices for New York, including columns for Stock, July 13, July 12, and July 11.

Stock

Table of stock prices for various international markets, including columns for Stock, July 13, July 12, and July 11.

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Table of stock prices for various international markets, including columns for Stock, July 13, July 12, and July 11.

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Table of stock prices for various international markets, including columns for Stock, July 13, July 12, and July 11.

CANADA

Table of stock prices for Canadian markets, including columns for Stock, July 13, July 12, and July 11.

Indices

NEW YORK - DOW JONES

Table showing Dow Jones indices for New York, including columns for July 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, and High/Low.

N.Y.S.E. ALL COMMON

Table showing N.Y.S.E. All Common indices, including columns for July 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, and High/Low.

MONTREAL

Table showing Montreal stock indices, including columns for July 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, and High/Low.

TORONTO Composite

Table showing Toronto Composite stock indices, including columns for July 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, and High/Low.

JOHANNESBURG

Table showing Johannesburg stock indices, including columns for July 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, and High/Low.

FRIDAY'S ACTIVE STOCKS

Table listing Friday's active stocks with columns for Stock, Price, Change, and Volume.

RACING BY DOMINIC WIGAN

Haul Knight to win the Magnet Cup... Haul Knight to win the Magnet Cup... Haul Knight to win the Magnet Cup...

EVER SINCE the ante-post... EVER SINCE the ante-post... EVER SINCE the ante-post...

YORK... YORK... YORK... YORK... YORK... YORK...

Tragical Horse Handicap... Tragical Horse Handicap... Tragical Horse Handicap...

SPAIN... BRAZIL... SPAIN... BRAZIL... SPAIN... BRAZIL...

GERMANY

Table of stock prices for Germany, including columns for Stock, Price, and Change.

AUSTRALIA

Table of stock prices for Australia, including columns for Stock, Price, and Change.

PARIS

Table of stock prices for Paris, including columns for Stock, Price, and Change.

STOCKHOLM

Table of stock prices for Stockholm, including columns for Stock, Price, and Change.

COPENHAGEN

Table of stock prices for Copenhagen, including columns for Stock, Price, and Change.

TOKYO

Table of stock prices for Tokyo, including columns for Stock, Price, and Change.

MILAN

Table of stock prices for Milan, including columns for Stock, Price, and Change.

OSLO

Table of stock prices for Oslo, including columns for Stock, Price, and Change.

BRUSSELS

Table of stock prices for Brussels, including columns for Stock, Price, and Change.

VIENNA

Table of stock prices for Vienna, including columns for Stock, Price, and Change.

F.T. CROSSWORD PUZZLE No. 4,021

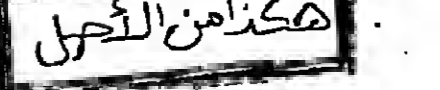
A prize of £5 will be given to each of the senders of the first three correct solutions... A prize of £5 will be given to each of the senders of the first three correct solutions...

Crossword puzzle grid with numbers indicating starting positions for words.

- ACROSS: 1 Carry off sailor over Chappel (6); 4 Completely sealed appearance by drunk (8); 10 Football team likely to be 'armful' (7); 11 Smarter kind of time-server (7); 12 Bow the direction indicator (4); 13 Reason singer has instrumental accompaniment (10,11); 15 Identifying interjection by spouse (6); 16 Take a holiday? You don't say! (3,4); 20 Grow quickly to scare off ram (5,2); 21 Way artist thinks the lavers (6); 24 Slagger one fish with another (4,6); 26 Out of play and close to lmpasse (4,3); 29 Old boy returns flower to lmpasser (17); 30 Biography family used as aid to survival (4,4); 31 Old Bob comes to condemn notice (6).

- DOWN: 1 Drink well supplied in Eden (5, 3); 2 Wiper with which to thwart clergy (4,5); 3 Swindle youth leader with rabbit (4).

SOLUTION TO PUZZLE No. 4,021... Following are the winners of last Saturday's prize puzzle... Following are the winners of last Saturday's prize puzzle...



Winn's end German bid talks

THE BID by West German publisher, Heinrich Heine Verlag for Winn's magazine...

First half losses trimmed at Scandinavian Airlines

BY WILLIAM DULLFORCE IN STOCKHOLM SCANDINAVIAN AIRLINES SYSTEM (SAS) made a consolidated pre-tax loss of SKr 81.2m...

Growth maintained at Kohler

BY Jim Jones in Johannesburg KOHLER BROTHERS, South Africa's second largest printing and packaging company...

Volkswagen denies offer for Chrysler in Argentina

VOLKSWAGEN has denied it is to take over Chrysler's Argentine subsidiary...

U.S. offer for Comex rejected

PARIS—The French Government has rejected a bid by J. Ray McDermott, the U.S. engineering group...

Italian diesel reorganisation

BY AUPERT CORNWELL IN ROME THE MAJOR Italian State controlled groups...

Court rules in favour of former bank chief

HERR LUDWIG POUILLAIN has won a new round in the legal dispute over the conditions under which he lost his post as chief executive...

Cominco profits rise strongly

COMINCO, the mining and metals arm of the Canadian Pacific group, reports a surge in earnings in the first half of 1978...

McGraw-Hill and Data Resources in merger pact

NEW YORK—McGraw-Hill the publishing group has agreed to buy for \$50 a share about 912,000 shares or 45 per cent of the stock...

Brazil to raise foreign loans

BRASILIA—Brazil plans to make a greater effort to raise foreign capital after the recent decision by the Organisation of Petroleum Exporting Countries...

The First Viking Commodity Trusts. Commodity OFFER 43.2 Trust BID 41.0

Sharp advance for Takeda

TAKEDA Chemical Industries the major Japanese manufacturer of pharmaceuticals...

Copper prices plummet

LEAD PRICES plummeted on the London Metal Exchange this week leading a general decline in these metal markets...

COMMODITIES/Weekly review

LEAD PRICES plummeted on the London Metal Exchange this week leading a general decline in these metal markets...

MARKET REPORTS

BASE METALS COPPER—Lower on the London Metal Exchange with confidence undermined by the liquidation in lead...

AMERICAN MARKETS

NEW YORK, July 13. THE COMMODITY markets were focused on President Carter's energy message...

WEEKLY PRICE CHANGES

Table with columns for commodity, last week, change, year ago, high, low. Includes METALS, GRAINS, OILS, SOYBEAN MEAL, SUGAR, COFFEE, WOOL FUTURES.

COCAOA

Cocoa futures were slightly easier during a quiet and featureless day to close with losses of 215-220 from last night's level...

COFFEE

Robusta continued the recent decline as prices fell rapidly to record levels...

SUGAR

LONDON SUGAR PRICES (first sugar): C12.0 (4000) a tonne off for July...

INDICES

Table with columns for index name, July 15, July 14, July 13, 1978, 1977, 1976. Includes FINANCIAL TIMES, MOODY'S, DOW JONES, REUTERS.

FINANCIAL TIMES REPORT

Saturday July 14 1979

BRANDY

Market
picks
up
again

By David Churchill

THE POPULAR image of the brandy drinker is one of senior army officers and country gentlemen taking brandy in the library.

Next to this image is the equally common view that brandy is drunk by expense-account businessmen after lavish restaurant meals.

But the reality as shown by market surveys is that brandy is very much a universal drink—imbibed with as much fervour by the shipyard worker or coal miner in his northern club as the executive in a West End restaurant.

Moreover, brandy is no longer exclusively a male preserve: women drinkers account for nearly half of brandy sales. And younger people are also switching to brandy and a mixer as a "new" drink.

It is this changing market profile—alleged to the improvement in living standards in the late 1970s—that has restored buoyancy to the brandy market. Indeed, the brandy business looks like ending the decade in a much more healthy position

than had seemed possible only a few years ago when the combination of economic recession and duty-increases severely cut back growth.

Now, however, the brandy industry is looking forward to the 1980s as a period of real growth in the UK market as well as the continued exploitation of overseas markets, especially the Far East and now China.

Customs and Excise figures show that, in 1978, brandy consumption was up substantially on previous years. Cognac sales were up by a quarter on 1977, with the cheaper grape brandies selling at least a fifth more.

Overall, the picture for brandy sales is one of steadily rising demand in the early 1970s, which reached a peak in 1973-74. This was followed by a sharp cut-back in the mid-1970s as the recession bit into consumers' pockets, and since then the market has gradually recovered. Cognac sales by volume are now marginally higher than the early 1970s, but the growth of grape brandies has seen their sales treble throughout the decade.

Brandy is basically a grape wine which has been distilled—but within this broad definition lie three main types of brandy. There is cognac from the Charente region near the coast just north of Bordeaux; armagnac which comes from southwest France below Bordeaux; and grape brandy which can be made in other parts of France where it does not qualify for the titles of the first two regions. There are also grape brandies from Italy, Spain, Germany, California, Australia and many other countries, as well as the different fruit brandies.

The origin of brandy stems from the 14th and 15th centuries and it was probably the first spirit to be exported on a large

scale. The port of La Rochelle was a flourishing trade centre. The English and the Dutch brought wood, salted fish and furs in exchange for the local salt—considered the best in the world—and the local wine.

As the art of distilling spread throughout Europe, the French wine producers experimented with their wine and found that distillation produced a fine-flavoured spirit. Moreover, the distillation process meant that the equivalent of nine barrels of wine went into one barrel of brandy—thus making it economic to export.

Popular

The French called their distilled wine "eau de vie" but the Dutch traders preferred to describe it as "brandwijn" or burnt wine. From this, the English called it brandewine which eventually was shortened to the word brandy.

Armagnac is said to have been the first to produce high quality brandy—with evidence claiming its production as far back as 1411. Cognac is said to have started in the 17th century.

Cognac, however, is by far the most popular brandy although its share of the UK market has slipped throughout the 1970s.

In 1972, some eight out of every 10 cases of brandy contained cognac, while now only about two-thirds are cognac. The cognac market has been eroded by the price differential with Armagnac and other grape brandies, which have become relatively cheaper.

However, cognac is still traditionally thought of as the brandy and is most often served in a pub or restaurant when a brandy is asked for—although an ordinary grape brandy can still legally be served.

Most often a pub will push the brand distributed by the tied brewer. In the cognac market, Allied Breweries and Whitbread own J. R. Phillips, the UK agent for Courvoisier, the number two brand. Grand Metropolitan owns IDV, the UK agent for Hennessy, while Bass owns Hedges and Butler, UK agent for Remy Martin. Only Martell, the leading brand, is not directly linked to a major brewery through its UK agents, Matthew Clark and Sons.

In the grape brandy sector, Allied Breweries also has links with the leading Three Barrels brand, while Bass has Grand Emperor.

In off-licences, however, there is greater freedom for customers to choose on price and other factors. The Mintel market research company estimates that, while cognac and armagnac have around 95 per cent of the on-licence trade, their share falls to 50 per cent of off-licence sales.

The proliferation of cheaper non-cognac brandies over the past few years has encouraged the wider and more varied use of mixers. But cognac still remains the premier choice of drink to round off a formal meal or restaurant dinner.

Research by Mintel has shown that around 65 per cent of brandy drinkers consume it at home or in someone else's home, while under 10 per cent drank it in a restaurant.

Yet so strong are the traditions about brandy drinking that many consumers—especially middle-class men—are reluctant to admit that they add soft drinks to brandy. It is almost seen as an admission of poor taste, showing a lack of discrimination.

Surveys have shown, however, that some 60 per cent of brandy

drinkers do mix their drink at some time, the proportion being slightly lower among confirmed cognac drinkers but significantly higher among those who choose to drink the grape brandies. Some brandy drinkers even buy cognac for drinking neat and grape brandies for mixing.

Various mixes are used, with lemonade, ginger ale, and water being most commonly used. Water, in fact, was almost exclusively used by the over 45s, according to Mintel's research.

Women are more likely to mix brandy than men, the young more likely than the old, the infrequent drinker more than the habitual drinker, and the new drinker rather than the established.

The main reasons for mixing are that brandy becomes part of a long drink and also that it dilutes what is considered to be a drink high in alcoholic strength. It is also noticeable that those more willing to mix are less likely to be bound by the traditions and mystique surrounding brandy. Thus orange-ade, cola and grapefruit juice are among mixers used with brandy.

However, ginger ale and dry ginger remain the most popular mixers, but more unusual and expensive combinations are becoming increasingly popular. Babysham, in particular, is a significant mixer with brandy especially among women brandy drinkers.

Brandy advertising is mainly in the Press and on posters, with direct television advertising banned by voluntary agreement. Mintel estimates that in 1977 total brandy advertising in the Press amounts to almost £1.5m, with all but £250,000 spent on cognac advertising.



The distiller's job in producing cognac is still an art rather than a science. Here a Courvoisier distiller samples the initial product of distillation.

The tone of the advertising is generally aimed at maintaining an image of brandy—while not a drink solely for country gentlemen any more, still as a drink with a unique taste and flavour. One advertising man even quotes Dr. Samuel Johnson's dictum on drinking (to Boswell): "Claret is the liquor for boys, port for men," but he who aspires to be a hero must drink brandy.

U.K. BRANDY CONSUMPTION, '000 proof gallons

	Cognac	Other
1974	1,834	757
1975	1,552	759
1976	1,631	826
1977	1,428	787
1978	1,728	898

Source: Customs and Excise.

After 246 years of active trading, we still find ourselves in the same position.

J & F. Martell. No. 1 in Britain since 1733.

هكزامن النحل

Marketing effort for armagnac

THE producers of armagnac, long-locked in Gascony away from the navigable rivers and ports so vital to success in export markets, have long lived in the shadow of their better-placed brothers in the Cognac region.

And although they proudly claim that armagnac was the first potable wine-based spirit to be distilled in France—200 years before cognac, they say—they were unable to make any efforts to distribute it very far beyond their region until the middle of the last century, when canals and roads began to open up the country around them.

Demand in France is tripping along nicely. From 338,000 cases in 1975-76 sales climbed to 418,000 in 1977-78. Growth in overall exports have been moving steadily recently at an average annual rate of about 7 per cent to 264,000 cases in 1978.

And although they proudly claim that armagnac was the first potable wine-based spirit to be distilled in France—200 years before cognac, they say—they were unable to make any efforts to distribute it very far beyond their region until the middle of the last century, when canals and roads began to open up the country around them.

More than half of exports go to West Germany; but there has been a startling increase in sales to Britain. A generic advertising campaign in the early 1970s gained a toe-hold for distributors and now individual producers and merchants are starting to build on that.

Armagnac is widely regarded as a connoisseur's drink, and even though the different blends are generally cheaper than comparable cognacs, its quality associations enable it to sell at a premium in restaurants, which account for 60 per cent of all UK consumption.

Climbed

In the 1975-76 marketing year Britain imported 12,148 cases. In 1977-78, the latest for which figures are available, imports had climbed to 25,560 cases and Britain now takes about 10 per cent of all exports from France.

In developing the product's style much is made of its historical links and the superiority imbued into the liquor by the tales of its fortification of the rasper-arm of d'Artagnan, the most notable Gascon in history and legend.

At the end of the 19th century, when the growers were at the height of their prosperity, about 100,000 hectares were planted with the characteristic vines—including a large proportion of the better-known Jolie blanche of the Charentes.

Then it was all swept away. The whole area was all but destroyed by the ravages of the phylloxera pest, and little was done to rebuild the industry until the end of World War I.

As for its peculiar attractions among the cognoscenti of the spirits world, armagnac is said to be more "typed," more fruitier and more refined than its competitors, although the Larousse Gastronomique suggests it has a flavour little different from that of cognac.

Even then only 50,000 hectares of vines were reinstated. Further disruption followed during World War II, and by the end of it the vine area was only 53,000 hectares.

He shrugs at such suggestions, preferring to take each year as it comes. There are other and possibly more fruitful markets to be worked on around the world, and prospects in all of them have to be weighed carefully one against the other. And it must not be forgotten that the limited promotional capacities of this relatively small-scale industry are no match for those of "Big Brother" in Cognac.

While the grapes from which it is produced are similar to most ways to those grown for cognac manufacture, the distillation process differs and the key maturing process is carried out in special casks made from local black-veined Gascony oak.

Still the troubles were not over. While average wine yields remained relatively stable in the post-war years, distillation of the wine into armagnac fluctuated wildly under commercial and economic pressures.

It is not easy for such a small brotherhood as the armagnac producers to maintain a full-scale watch on world markets. They have to be careful to maintain reserves to match growth in sales, and the important home market must not be neglected.

Although not much known at the fashion-conscious younger end of the drinks market either in France or in its growing export markets, the spirit is soundly based in what might be termed the gastronomic establishment. There it appears to have the best chance of expansion as one of the other speciality brandies in competition with the all-powerful cognac.

David Churchill

Christopher Parkes

Cognac keeps its popularity

ALTHOUGH THE dominance of cognac in the UK market may have been eroded in recent years by some consumers switching to cheaper grape brandies, there can be little doubt that brandy produced from the cognac region of France is still the most popular.

The UK is the largest market for cognac outside France, with 17.7m bottles imported into the UK last year, representing a 10 per cent increase on the previous year. However, the UK's position is being challenged by the US, which increased its cognac consumption by a quarter last year to reach 14.8m bottles.

The secret of cognac's worldwide popularity lies in a number of factors, including the strict legal controls on its production, the chalk to the soil, the maturing in casks of Limousin oak, the skills of the distillers and the unusual grapes used which make a poor white wine but an exceptional brandy.

Only brandy produced within a strictly defined area—the Charente region near the coast just north of Bordeaux—can be described as cognac. The boundaries were last defined in 1909 and practically correspond with the geographical extent of the two departments of the Charente and the Charente Maritime. The boundaries include seven crus, or areas, which form concentric circles around the heart of the region, the city of Cognac.

Winemaking in Charentes does not differ basically from winemaking in any other area. As soon as it is picked, the grape is pressed to obtain the juice, which is then fermented and distilled in a pot still which must conform to legal requirements. The apparatus has not altered throughout the ages, but the process is more frequently now done by the great brandy houses or their representatives.

As with malt whisky, the cognac product goes through a pot still which must conform to legal requirements. The apparatus has not altered throughout the ages, but the process is more frequently now done by the great brandy houses or their representatives.

This evaporation, which is poetically known as the "angel's share," represents a loss in any one year of more than 4 per cent of the stock. It is during this ageing period in the warehouses that the change takes place from a strong and colourless liquid into a liqueur with an amber colour. Unlike wine and champagne, which age in bottle, cognac only ages in oak casks in warehouses built at ground level in order to undergo the seasonal variations of weather and temperature.

Cognac cannot age indefinitely, and after 60 years in a barrel, it runs the risk of losing part of its qualities. Cognac, after being bottled, no longer ages.

The distillation of cognac is done in two stages or chougues. When the fermentation is over, the wine is put into the still and then boiled. The vapour passes through the swan-neck pipe and is then condensed by means of a water-jacket and flows into the form of brandy. The brandy then goes through the still again and what comes out is called la bonne chaise.

The distiller has to be a good taster to separate the imperfect products that appear at the beginning and end of distillation and only keep the years of the middle, which will become cognac. When it comes out of the still, the cognac is colourless and is as liquid as spring water. It has an alcoholic strength of 68-72 degree, Gay-Lussac (percentage of alcohol by volume), has a penetrating and subtle scent and already possesses the intrinsic qualities of cognac.

As soon as the distillation is over, the cognac is put into casks made of oak which come from the forests of Limousin or from the centre of France; notably the forests of Tronçais. Over the years, the cognac extracts the tannin from the wood during the process of oxidation which takes place through the pores of the wood, and loses some of its volume as well as its strength.

Although no official market share figures are given for cognac sales in the UK, unofficial estimates suggest that Martell is the clear leader with some 40 per cent of the market, with Courvoisier in second place. Then Remy Martin and Hennessy vie for third place, with a number of much smaller brands making up the rest of the market.

Martell is the only major UK brand that is not directly linked to a leading brewery group. Its UK distributors are Matthew Clark and Sons. Apart from three-star Martell cognac, the Martell range includes Medaillon 15-year-old V.S.O.P., the 30-year-old Cordon Bleu, the 50-year-old Cordon Argent and the 60-year-old Extra.

Courvoisier is distributed in the UK by J. R. Phillips, which is owned by Allied Breweries and Whitbread. Courvoisier itself is owned by the Canadian company Hiram Walker.

Remy Martin's UK agents are Hedges and Butler, which is owned by the Bass brewery group. Remy Martin is particularly strong on V.S.O.P. brandies, although it has launched a V.S. grade in the past two years to compete with the three-star market. The particular strength of V.S.O.P. sales in the Far East gives Remy

control to ensure the consistent quality of cognac, all production is subject to control through the Bureau National du Cognac. Cognac quality is split into three main grades: the three-star brandy, the Very Strong Old Pale (VSOP) and higher qualities which have various names.

Grape brandies doing well

MENTION GRAPE brandy to a cognac importer and his eyes tend to glaze over. His reaction is not altogether without reason, since some of the concoctions distilled from nameless ingredients and with the addition of all manner of flavourings and colourings are sufficient to give a nasty shock to the strongest of palates and might well be better employed in the fuel tank of a motor car.

But even the cognac aficionado might be prepared to admit that the better grape brandies are a challenge in quality to the lower grades of cognac—while being considerably cheaper.

The terms "grape" or "other" brandy are used to refer to spirits produced anywhere in the world except Cognac and, depending on your standpoint, Armagnac. The title "grape" brandy suggests that the spirit should be a result of distillation of the products of the vine, although this is often taken in the loosest sense, much

grape brandy being made from the last pressings which include the grape skins, stalks, pits, etc. And the term "other" brandy includes the many fruit spirits distilled from plums, apples, etc., and including such products as slivovitz and calvados, and other up-market spirits.

In their country of origin many of these products are extremely cheap—as anyone who has bought a bottle of the cheapest range of Dornier's Fundador in a duty-free shop at a Spanish airport will realise. However, since the application of duty on spirits imported into the UK takes an account of anything but alcoholic content, and since duty accounts for over 60 per cent of the price in the UK, it means that many of the cheaper grades (the "cooking" brandies that can be found in Greece, Spain and other countries) would simply not hold their own in the British market when priced at £4.50 to £5. To this degree at least the cognac shippers may be said to

have an advantage, in that the UK market cannot be flooded with very cheap brandies.

So, what we see in this country the better grape brandies, which are able to compete at around the same price as gin, scotch and vodka, and which in the past few years—largely because of the price differential—have made some inroads into the traditional cognac market. Indeed grape brandies have been one of the most dynamic growth areas during the past decade, although, as in other areas of the drinks market, this growth is hard to chart statistically—in this case because figures on grape brandy and cognac were not separated until 1975.

UK imports of "other" brandy last year stood at 1.03m gallons, proof spirit compared with 1.97m gallons of cognac, roughly a 2:1 ratio, a ratio which becomes 5 to 1 when measured in value terms. Consumption figures for 1978 show other brandy to have rather more than a third of the market.

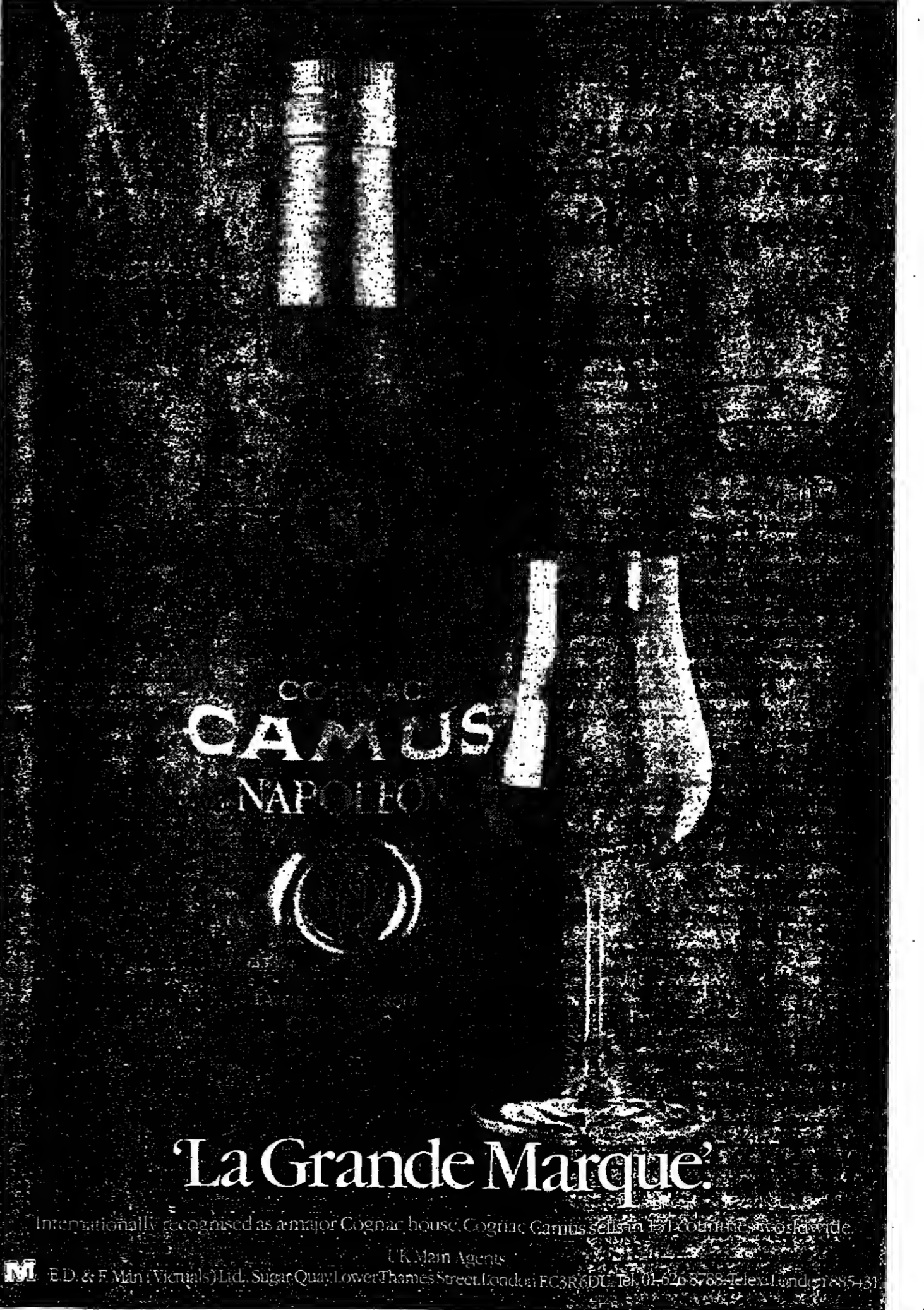


EST. 1919
Henry Servagnat Armagnac
J. H. REYNIER LTD., 16-18, YACHEBROOK ST., LONDON SW1V 1SL.
TEL: 01-584 2911

The undisputed market leader is Three Barrels, marketed in the UK by Woolley, Duval and Beaufoys, a subsidiary of Vine Products, which is part of Allied Breweries. The company identified the market in the early 1970s and promoted the brand heavily through advertising. Today it holds around a third of the market.



JANNEAU ARMAGNAC IS AN ORDINARY FRENCH BRANDY
AS PÂTE DE FOIS GRAS TRUFFÉ IS AN ORDINARY FRENCH SANDWICH SPREAD
Janneau Grand Armagnac Ordinaire it is not



CAVALUS
NAPOLÉON
La Grande Marque
Internationally recognised as a major Cognac house, Cognac Cavalus sells in 51 countries worldwide.
UK Main Agents
E. D. & F. Man (Victuals) Ltd., Sugar Quay, Lower Thames Street, London EC3R 6DL. Tel: 01-526 7808. Telex: London 855431.

APPOINTMENTS

Roy Ling takes over as head of Belhaven

Mr. Roy B. Ling, managing director of BELHAVEN BREWERY GROUP, has taken over as chairman of the group...

Mr. J. S. Mehal has joined the board of ASSOCIATED COMMUNICATIONS CORPORATION.

Mr. R. L. A. Bell has been appointed assistant manager at the Leeds branch of SCOTTISH PROPERTIES.

Mr. R. W. Cameron has been appointed a director of WILLIS FABER AND DUMAS.

Mr. John Farthing, a director of STANLEY GIBBONS LIMITED, has been appointed managing director of that company.

Mr. Nigel Dearsly has joined the OFFER GROUP OF COMPANIES as managing director of the newly-formed commercial and industrial development subsidiary, SALAMANDER SECURITIES.

Mr. W. A. L. Roberts has been appointed chairman of MANCHESTER LINERS and vice-chairman of the company.

Mr. R. G. Sharpe has been appointed chairman of BRANTFORD INTERNATIONAL, the freight forwarding subsidiary of the Furness Withy Group.

BRITISH FUNDS (165)

Table listing various British funds with columns for fund name, value, and other details.

BANKS (103)

Table listing various banks with columns for bank name, value, and other details.

Stock Exchange dealings

Table showing stock exchange dealings for Thursday, July 12, Friday, July 13, and Saturday, July 14.

The list below gives the prices at which bargains were done by members of the Stock Exchange...

Members are not obliged to mark bargains, except in special cases, and the list cannot be regarded as a complete record of prices at which business has been done.

Bargains at Special Prices: A Bargains done with or between members of the Stock Exchange...

BREWERIES (113)

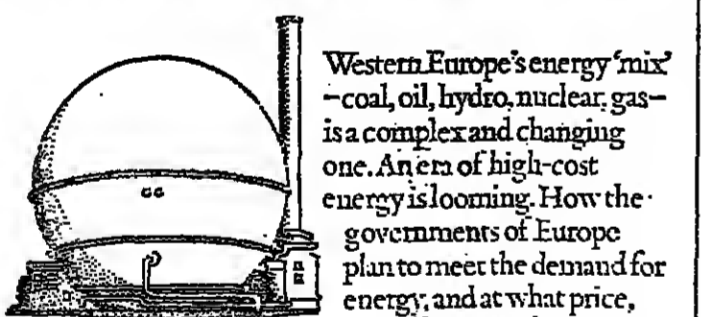
Table listing various breweries with columns for brewery name, value, and other details.

COMMERCIAL (1,969)

Table listing various commercial entities with columns for company name, value, and other details.

Financial Times European Energy Report

A chance to get the answers to Europe's energy problems.



Western Europe's energy mix - coal, oil, hydro, nuclear, gas - is a complex and changing one.

governments of Europe plan to meet the demand for energy, and at what price, will affect every business and individual in Europe - and many throughout the world.

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All for around £540 a fortnight. Finding accurate information is a little like energy itself: it depends on reliable sources. This time, we think you'll agree you've got the very best on tap.

Subscription form with fields for name, address, and contact information.

PUBLIC BOARDS (16)

Table listing various public boards with columns for board name, value, and other details.

FOREIGN STOCKS (1)

Table listing various foreign stocks with columns for stock name, value, and other details.

STERLING FOREIGN CURRENCY BONDS

Table listing various sterling foreign currency bonds with columns for bond name, value, and other details.

FOREIGN CORPS. (1)

Table listing various foreign corporations with columns for corp name, value, and other details.

CINEMAS

Table listing various cinemas with columns for cinema name, value, and other details.

Primary school 'built to save fuel'

THE CHURCH OF ENGLAND is to build a primary school in the West Midlands specifically designed to save fuel.

The 11-classroom building, for 280 children, will be by the Turfitt Corporation. The architects are John P. Osborne and Son of Birmingham.

SINGAPORE

Table listing various Singapore-related items with columns for item name, value, and other details.

Large table listing various international stocks and financial data, including columns for stock names, values, and other financial metrics.

Handwritten scribble at the top right of the page.

Financial Times Saturday, July 14, 1979

Table of financial data including company names, share prices, and market indices. Includes sections for 'INVESTMENT TRUSTS (26)', 'ELECTRIC LIGHT (1)', 'FINANCIAL TRUSTS (64)', 'MISCELLANEOUS (50)', 'MINE', 'AUSTRALIAN (1)', 'SOUTH AFRICAN (41)', 'RUBBER (8)', 'UK RAILWAYS (1)', 'FOREIGN RAILWAYS (1)', 'SHIPPING (4)', 'TEA (3)', 'WATERWORKS (5)', 'TELEGRAPHS (1)', 'CANALS (1)', 'OIL (168)', 'DIAMONDS (8)', 'GAS (16)', 'INSURANCE (55)', and 'LOCAL AUTHORITY BOND TABLE'.

LOCAL AUTHORITY BOND TABLE. Table with columns: Authority, Annual Interest, Gross pay, Minimum of interest, Life, and Yield. Lists various local authorities and their bond offerings.

BUILDING SOCIETY RATES. Table with columns: Deposit, Share, Sub/pn, Rate, accounts, Term, and shares. Lists various building societies and their interest rates for different terms.

Table of financial data including company names, share prices, and market indices. Includes sections for 'PROPERTY (92)', 'RULE 163 (2) (a)', 'RULE 163 (1) (e)', 'UK MONEY MARKET', 'EXCHANGES AND BULLION', 'OTHER MARKETS', 'LONDON MONEY RATES', 'EURO-CURRENCY INTEREST RATES', 'CURRENCY RATES', 'CURRENCY MOVEMENTS', 'EMS EUROPEAN CURRENCY UNIT RATES', 'EXCHANGE CROSS RATES', and 'UK CONVERTIBLE STOCKS 13/79'.

CURRENCIES, MONEY and GOLD

Trading in yesterday's foreign exchange market was typically quiet ahead of the weekend, with the incentive to trade drained even more ahead of President Carter's scheduled energy speech. Against the D-mark, the dollar eased to DM 1.8245 from DM 1.8270 and to SwFr 1.6510 from SwFr 1.6580 in terms of the Swiss franc. On Bank of England figures, however, the trade-weighted index rose from 84.5 to 84.6. Sterling opened at \$2.290 and rose to \$2.290 before closing back before midday to \$2.250. A rise of 1.7 per cent in June in the Retail Price Index saw sterling weaken to £1.2160, but it recovered to \$2.200 after a few weeks. In the last half hour or so, dollar sales pushed up the rate to \$2.2500 at the close, the wide spread reflecting the lack of business, and showed a rise from Thursday's 13 points. Using Bank of England figures, the pound's value against the dollar slipped to 71.0 from 71.1, having stood at 70.9 in the morning and 71.0 at noon. Gold lost \$2 an ounce to close at \$377.381 on a position squaring ahead after President Carter's speech.

Table of exchange rates and gold prices. Includes columns for various currencies (U.S., West Germany, France, etc.) and gold prices. Also includes 'LONDON MONEY RATES' and 'EURO-CURRENCY INTEREST RATES'.

Table of currency rates and movements. Includes columns for various currencies and their rates against the pound and dollar. Also includes 'CURRENCY MOVEMENTS' and 'EMS EUROPEAN CURRENCY UNIT RATES'.

Table of exchange cross rates. Includes columns for various currencies and their rates against each other. Also includes 'EXCHANGE CROSS RATES' and 'UK CONVERTIBLE STOCKS 13/79'.

Table of UK convertible stocks. Includes columns for company names, share prices, and market indices. Also includes 'UK CONVERTIBLE STOCKS 13/79'.

Table of UK convertible stocks. Includes columns for company names, share prices, and market indices. Also includes 'UK CONVERTIBLE STOCKS 13/79'.

LONDON STOCK EXCHANGE

Companies and Markets

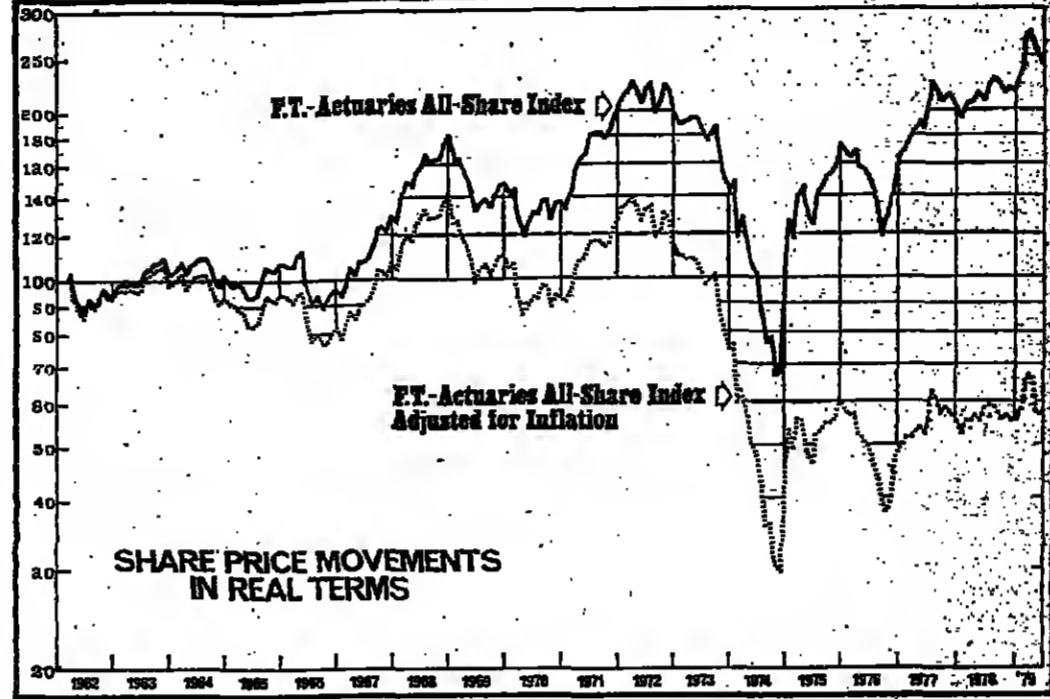
Retail prices arouse inflation worries and bring drab close to Account—New £1bn. short tap stock issue

Account Dealing Dates Option First Declara- Last Account Dealings tions Dealings Day July 2 July 13 July 24 July 16 July 26 July 27 Aug. 7 July 30 Aug 10 Aug. 21

Housebuilders, a shade easier awaiting the mortgage rate announcement, mostly held at the lower levels, Barratt and Gough Copper cheapening 2 1/2 pieces to 107 1/2 and 82p respectively.

Chris Moran dull A Press revelation that the findings of a City of London Police investigation into alleged breaches of exchange control regulations by a subsidiary of Christopher Moran soon to be passed on to the Director of Public Prosecutions unsettled

miscellaneous—Industrial, E. Pagarly encountered selling and lost 17 to 235p, while Thermal Syndicate, declined 8 to 125p after comment on the interim results.



SHARE PRICE MOVEMENTS IN REAL TERMS

Table titled 'LONDON TRADED OPTIONS' showing trading volumes for various options like SP, SO, Com. Union, etc., with columns for July, August, and November.

Table titled 'RISES AND FALLS' showing price changes for various stock categories like British Funds, Industrials, etc., with columns for Yesterday and On the week.

Table titled 'ACTIVE STOCKS ON THE WEEK' listing active stocks like BP, ICI, Barclay's Bank, etc., with columns for Denomination, Closing price, and Change.

Table titled 'YESTERDAY' showing stock price movements for various companies like ICI, Barclay's Bank, BP, etc., with columns for Stock, Denomination, Closing price, and Change.

Table titled 'BASE LENDING RATES' listing various banks and their lending rates for different terms like 14%, 15%, 16%, etc.

Publicity given to several brokers' circulars ahead of the interim dividend season, which starts next Friday, helped the major clearing banks to move away from the low levels which have ruled earlier this week on concern about a possible sizeable fund-raising call being in the offing.

Building issues attracted more business than of late, but the trend was usually to lower levels as smaller sellers predominated.

Table titled 'NEW HIGHS AND LOWS FOR 1979' listing new high and low prices for various stocks like British Funds, Industrials, etc.

Table titled 'RECENT ISSUES' listing recent stock issues like F.P., F.P., etc., with columns for Issue Price, Denomination, and Date.

Table titled 'FIXED INTEREST STOCKS' listing fixed interest stocks like F.P., F.P., etc., with columns for Issue Price, Denomination, and Date.

Table titled '"RIGHTS" OFFERS' listing rights offers for various companies like F.P., F.P., etc., with columns for Issue Price, Denomination, and Date.

By way of contrast, W. Goodings, which announced a 50% rights issue on Wednesday, improved 2 to 67p on Press comment and Hensher A found support at 48p.

Motor sectors again drifted lower on lack of investment incentive. Arlington fell 3 to a 1979 low of 102p while similar losses were seen in Hanger, 7p.

Hays Wharf fall The early announcement of the proposed £475m rights issue unsettled Hays Wharf which fell 15p to 27p.

Table titled 'FT-ACTUARIES SHARE INDICES' listing various equity groups and sub-sections with columns for Index No., Day's Change, etc.

Table titled 'FIXED INTEREST PRICE INDICES' listing fixed interest price indices for various categories like British Government, etc.

Table titled 'FIXED INTEREST YIELDS' listing fixed interest yields for various categories like British Government, etc.

Table titled 'EQUITY GROUPS & SUB-SECTIONS' listing equity groups and sub-sections with columns for Index No., Day's Change, etc.

Table titled 'FINANCIAL TIMES STOCK INDICES' showing various stock indices like Government Sec., Fixed Interest, Industrial, etc., with columns for July 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 1979.

Table titled 'HIGHS AND LOWS' showing high and low prices for various stocks like Govt. Sec., Fixed Int., Ind. Ord., etc., with columns for High, Low, and Date.

Oil prices: Elsewhere, London and City eased 4 to 18p, after 17p, following the reduced annual loss.

Exploration issues, which have enjoyed firmness in recent days, tended to ease with Other Exploration 1 of 41p, Anglo-Nor 1 of 41p, Anglo-Nor 1 of 41p, etc.

Active Australians Australians were the most actively traded stocks in general, although some selling emerged.

South African Financials were similarly affected. Prices were marked down on lack of interest, although some selling emerged.

CONSTRUCTION: CHANGES: Anglo-Nor 1 of 41p, Anglo-Nor 1 of 41p, Anglo-Nor 1 of 41p, etc.

CONSTRUCTION: CHANGES: Anglo-Nor 1 of 41p, Anglo-Nor 1 of 41p, Anglo-Nor 1 of 41p, etc.

CONSTRUCTION: CHANGES: Anglo-Nor 1 of 41p, Anglo-Nor 1 of 41p, Anglo-Nor 1 of 41p, etc.

Handwritten text in Arabic script: 'مكاتب التحليل'

Handwritten scribbles at the top of the page.

AUTHORIZED UNIT TRUSTS

Table listing various authorized unit trusts with columns for fund name, manager, and other details.

Table listing various unit trusts including Mutual Unit Trust Managers Ltd., National and Commercial, and others.

Table listing various insurance and property bonds, including Abbey Life Assurance Co. Ltd., Growth Life Assurance, and others.

Table listing various unit trusts including Schlusser Trust Mgmt. Ltd., Tower Unit Trust Mgmt. Ltd., and others.

Table listing various insurance and property bonds, including Lloyd's Life Assurance, Prudential Pensions Limited, and others.

OFFSHORE AND OVERSEAS FUNDS

Table listing various offshore and overseas funds including Alexander Fund, Allen Harvey & Ross Inv. Mgt. (C.I.), and others.

Notes and disclaimers at the bottom left of the page.

Notes and disclaimers at the bottom middle of the page.

Notes and disclaimers at the bottom middle of the page.

Notes and disclaimers at the bottom right of the page.



Cruising means



MAN OF THE WEEK

Getting the act right

BY ARTHUR SANDLES

EIGHTEEN months ago the main speculation around Lord Delfont revolved around who would succeed him as head of EMI's film and theatre division. He was, after all, nearing 70 and eager young film men were showing every sign of being keen to jump into his seat. Then suddenly, the man who seemed on the point of collecting his pension book and heading for the exit was catapulted into the group but seat and given the job of steering EMI away from the rocks which had begun to look remarkably close.



Lord (Bernard) Delfont A horror of corporate bureaucracy

music activities has been set-up but, as Delfont carefully points out, not consummated. With EMI still bleeding badly Delfont needs the cash desperately until longer-term measures take effect. If it falls through, at the moment it is only an agreement to agree. Delfont says "I will move on to plans B, C or D."

In the Delfont strategy the main plank seems to be a determination to do as little selling as possible. He clearly sees the Paramount deal as a utilisation of assets rather than a sale. The most profitable EMI items are about keeping. For example: "It is inconceivable that we would sell our holding in Thames Television (Britain's biggest commercial TV company)."

He's almost as shocked by the suggestion that the group's hotels might go to the market—one of them, the Tux, piquantly enough acquired from that other ailing giant, Lyons, when it needed cash badly. "You name a leisure company (let's try Goral and Ladbroke) and I'll tell you it's been at my door trying to buy."

Clearly the one thing that EMI-watchers will be keeping an eye on over the next few months is any sign of favouritism towards the leisure activities of the group at the expense of its industrial, defence and medical activities. Delfont, naturally enough, argues that there will be no such favouritism, but also points out that cinemas, hotels and live entertainment provide instant cash in a way in which few industrial activities do. This weekend Delfont will be at home on the Sussex coast. He has no hobbies, unless you call watching sport on television a hobby, and will probably prove a free company until he can get back to his desk. Whatever the trappings of show business there is nothing particularly flashy about the private life-style of any of the Graves. The one Delfont luxury is a small Riviera flat which is the family retreat. A much bigger property there was sold when Delfont found the administrative problems, and the cost, getting out of hand. Perhaps that is an indication of his likely thinking at EMI. And when it's all over, with EMI saved or sold ("of course, we'd consider a bid if the price was right")? Will Delfont retreat to his old life in the South of France? Apparently not. His determination to get back into full-time London theatre management remains. Even now, in Blackpool, there is an illuminated sign declaring that "Bernard Delfont presents... a local variety show. Friends have been suggesting that Delfont, now 70, a Life Peer and chief executive of a major, if troubled, public company, should have it removed. "They tell me it is not dignified." But the sign will stay. "That really, is where my heart is."

Shotton steel closure brings Labour protest

BY NICK GARNETT AND IOR OWEN

ANGER OVER the decision to close the Shotton steelworks in North Wales with the loss of 6,000 jobs erupted in the Commons yesterday with demands for the resignation of Sir Charles Villiers, British Steel Corporation chairman. Accusations from the Opposition backbenches that he had reneged on a pledge that steel making would continue at Shotton until at least 1982 were endorsed by Mr. John Silkin, the Shadow Industry Minister. Mr. Michael Foot, Deputy Leader of the Opposition, pressed for a full-scale debate on the future of the steel industry before Parliament adjourns for the summer recess at the end of the month. Sir Keith Joseph, Industry Secretary, who insisted that decisions on the future of individual plants were a matter for the corporation, said conditions were very different to those in 1977 when the pledge was given.

new investment by taking out some of the old investment," Sir Keith said amid cheers from Tory backbenchers. "If BSC does not become competitive, many more jobs will be at risk."

A number of union meetings were held at Shotton yesterday to prepare further resistance to the closure, and talks with local authority officials are being arranged. Mr. Monty Hughes, Shotton action committee chairman, said the corporation's decision would not be accepted. The decision was also bitterly attacked by Mr. Mervyn Phillips, chief executive of Gwynedd County Council. "In view of the broken undertaking, the local community can have little confidence in the commitment to maintain the finishing plant at Shotton," he said. British Steel and the industry's unions are arranging a meeting, almost certainly next week, at Corby, Northants, where the corporation intends ending iron and steel-making with a loss of a further 6,000 jobs.

The meeting will be attended by Mr. Bob Scholey, chief executive and deputy chairman of British Steel, members of the TUG steel industry committee, and local management and union officials.

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Garnett Valley to create 800 jobs, Page 3.

Tax men search home of Tory MP

BY DAVID FREUD

THE HOME of Mr. Tom Bonyon, the new Conservative MP for Abingdon, was searched yesterday by Inland Revenue officials under warrants taken out because of suspected tax fraud.

Several other premises were visited, including the Mayfair offices of the Roesminster Group, of which Mr. Bonyon was co-founder and director. The Roesminster Group achieved publicity over recent years by marketing a series of successful tax avoidance schemes. Last year the Government legislated against one of them—operated jointly by the group and tax adviser Mr. Roy Tucker—with retrospective effect. The visits were carried out to collect evidence under warrants obtained from a High Court judge under Section 20C of the Taxes Management Act, 1970.

Suspicion

This says down that a warrant can be obtained if a judge is satisfied that "there is reasonable ground for suspecting that an offence involving any form of fraud in connection with, or relation to, tax has been committed and that evidence of it is to be found on premises specified in the information." The visits were conducted by about 70 Revenue officials, accompanied by 28 detectives of Scotland Yard's commercial branch. A large number of documents were removed. Mr. Bonyon was elected to the late Mr. Airey Neave's seat at the general election. He lives at Adstock, Buckinghamshire.

Indian Government may fall after key Minister resigns

BY K. K. SHARMA IN NEW DELHI

MR. MORARJI DESAI'S tottering Indian Government received another blow yesterday when one of his senior colleagues, Mr. H. N. Bahuguna, Petroleum and Chemicals Minister, resigned from the Cabinet, and two junior Ministers followed suit.

This could lead to the fall of the Government, since Mr. Desai will have to depend on support of non-Janata Party groups in Parliament to defeat the Congress-sponsored motion of no confidence which will be voted on either on Monday or Tuesday. Mr. Bahuguna was a key figure in the defeat of Mrs. Indira Gandhi in 1977, when he persuaded Mr. Jagjivan Ram, now Deputy Prime Minister and Minister in charge of her Government a few weeks before the General Election.

The confidence vote was to be on Monday, but Parliament adjourned in uproar yesterday over the acute water problems in Delhi, where the supply has been cut for the past two days because of sabotage by striking workers. This has aggravated the political situation, since the Government is being accused of inaction and poor performance generally.

The significance of Mr. Bahuguna's resignation is twofold. He is the first minister not belonging to the Bharyatiya Lok Dal faction of Mr. Charan Singh, Deputy Prime Minister and Finance Minister, to quit the Cabinet. Secondly, Mr. Bahuguna announced that the reason for his resignation was the sectarian character of some members of the party. Although he did not name them, he made plain that he was referring to the Jana Sangh faction, most members of which also belong to the Rashtriya Swayamsewak Singh (RSS).

The RSS is widely believed to have been responsible for the increasing number of clashes between Hindus and Muslims in the past two years. This is the central issue that has brought the simmering crisis in the Janata Party explosively into the open. Since

quitting the Janata on this issue and forming his own party, Mr. Raj Narain, former Health Minister, forced over 50 defections from the ruling party benches to reduce Mr. Desai's Government to a minority one. Because of the deep crisis in the Janata Party, Mrs. Gandhi's position is considerably strengthened. Among those expected to resign is Mr. Charan Singh himself. He has not been in his office for the past three days.

Iran may revive some UK defence contracts

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

SOME BRITISH defence contracts with Iran which were either cancelled or frozen after the revolution earlier this year may be revived.

This has emerged as a result of recent Ministry of Defence talks with Iranian Government representatives in both London and Tehran. The talks have yielded encouraging indications that Iran may revise its attitude to some foreign military deals, especially those involving such items as small arms, ammunition, spare parts for military vehicles and perhaps even support ships for Gulf operations. Among items which have figured in the talks are two

naval logistics support ships, out of four originally on order, and the completion of a tank maintenance workshop at Dorud to service the Iranian Army's 950 Chieftain tanks.

Nonetheless, British arms deals with Iran are unlikely to return to the level prevailing under the Shah, while some other countries which had big arms contracts, such as the U.S., will probably get nothing restored.

The value of the arms deals that may be revived is, quite unclear, but it is accepted that it will be only a fraction of the £1b or more which the deals in progress at the time of the revolution last February were worth.

Anlinger resigns top ITT post

BY JOHN WYLES IN NEW YORK

Dr. Gerhard Anlinger, president of ITT Europe, has resigned. He has been succeeded by Mr. John Guilfoyle, ITT vice-president in charge of African and Middle East operations.

On Wednesday Mr. Raad V. Araskog was appointed ITT chief executive following the resignation of Mr. Lyman Hamilton Jr.

Weather

UK TODAY WARM with sunny periods. Outbreaks of rain in the north and south-east. London, S.E., E., Cent. S., N.E., Cent. N. England, E. Anglia, Midlands. Showers at first with sunny periods later. Max. 20C (68F). C. Islands, S.W., N.W. England, Wales, Lake District, I. of Man, Borders, S. and E. Scotland, Cent. Highlands. Dry with sunny intervals. Max. 18C (64F). Rest of Scotland, N. Ireland. Cloudy, with rain in the west later. Max. 15C (61F). Outlook: Warm with sunny intervals and some rain in the north.

Table with 3 columns: City, Wind, Rain, Clouds. Includes cities like Alicante, Algiers, Athens, Bahrain, Barcelona, Beirut, Berlin, Bogota, Bombay, Buenos Aires, Cardiff, Casablanca, Cape Town, Chicago, Cologne, Curitiba, Dakar, Damascus, Delhi, Dhaka, Doha, Edinburgh, Frankfurt, Geneva, Gibraltar, Glasgow, Harare, Helsinki, Hong Kong, Istanbul, Jakarta, Johannesburg, Kuala Lumpur, London, Lyons, Madrid, Manila, Mexico City, Moscow, Mumbai, Nairobi, New Delhi, New York, Ottawa, Paris, Perth, Rome, Santiago, Sao Paulo, Singapore, Sydney, Taipei, Tel Aviv, Toronto, Tokyo, Valencia, Wellington, Zurich.

W. German steel group offers \$245m for U.S. cranes maker

BY JOHN WYLES IN NEW YORK AND GUY HAWTIN IN FRANKFURT

MANNESMANN, THE West German steel and engineering group, has made a \$245m (£110m) agreed bid for Harnischfeger Corporation, the U.S. cranes and mining equipment manufacturer.

Harnischfeger is already the subject of a bid approach from an American company, Paccar, which makes railway wagons and heavy duty trucks. But the Paccar offer of \$20 a share, which is at the moment blocked by a Federal court injunction secured on anti-trust grounds has been significantly bettered by the German group, which is offering \$27.50. Mannesmann's bid was given the Harnischfeger Board's blessing.

Rhodesia

Officials described the meetings as "extremely friendly." But Bishop Muzorewa returned to his hotel grim-faced and silent in contrast to his attitude to the Press in the U.S. Mr. David Munkome, who handles foreign affairs in the Bishop's administration and who like the Bishop has a white aide travelling with him, said the two sides' positions had been "pretty close." Asked about the future role of Mr. Ian Smith he described this issue as "cosmetic." He said: "One could remove Ian Smith as an individual but could have a new Ian Smith with equal or worse beliefs." He implied that this question had not been raised though he described Britain as having constitutional authority in Rhodesia and being the final court of appeal.

ing late on Thursday. The group had previously said it was considering a proposal from a European industrial company, but few people expected Mannesmann to be the suitor. Mannesmann has been seeking U.S. acquisitions for the past year. It feels that West German domestic cartel regulations severely restrict its home growth potential. Late last year Mannesmann paid \$4.2m for a 16 per cent stake in computer printer maker Tally Corporation. It has been unable to win Tally's agreement to boost its stake to between 33 and 50 per cent. Mannesmann has made it clear to Harnischfeger's \$200 shareholders that its offer is subject to "satisfactory rulings" by anti-trust authorities in both

countries. The U.S. group, which has production facilities in 10 U.S. and three overseas centres, manufactures mobile cranes in Dortmund for Europe. Its German works employ 700 people. While no major problems appear likely from the West German Federal Cartel Office in Berlin, the office blocked Mannesmann's planned takeover of Brueninghaus Hydraulic, the piston pump and motor manufacturer, on the grounds that its Rexroth subsidiary was already highly active in the area. The decision was upheld by the Berlin Supreme Court in May. Paccar, meanwhile, says it is pressing ahead with its legal efforts to have the injunction lifted and that it has no plans yet to amend its offer.

Building societies

Continued from Page 1. cushion borrowers. There will be doubts as to whether the new investors' rate will be high enough to boost the inflow of funds significantly but it was clearly agreed that no more could be afforded if mortgage rates were to be held back. Figures released yesterday showed that the societies took net receipts last month of only £125m against £30m in the previous month. June was badly hit by pre-Budget and pre-VAT spending but societies were not, before yesterday's decision, expecting monthly receipts to rise much above £30m. Last month they advanced £752 to homebuyers, and promised another £72m to mortgage applicants.

THE LEX COLUMN

The windfall at 'Mon Repos'

For the stock market, a dismal end to a dismal week. The retail price index was flat, with 12 figures to come on Monday. Investors were not exactly eager. The authorities chose to ignore the market's mood, however, and brought out a new gilt-edged stock, a low-coupon short-term Treasury bill, to help refinance the three similar stocks that mature later this year.

Index fell 3.2 to 466.6

average 8.4 per cent net on their mortgages over the next 12 months. House prices are unlikely to rise anything like as fast as they have recently, and these are paper gains which it is hard to realise in cash (though they are tax free). But it is time less was heard about the hardships of home owners, and more thought was given to devising ways in which building society investors could participate in profits on houses in which case they could be given a better real rate.

Mortgage rate

As usual, owner occupiers with building society loans are getting off lightly, after enjoying an amazingly favourable deal over the past year. In this period they have paid an average 7.3 per cent for their mortgage, assuming they are eligible for tax relief at the standard rate. The money has been invested in a property which has an average value in value of 81 per cent (and more like 40 per cent in London). Compared with the 50 fortunate house owners, however, the 15m building society investors have come off much less well. The retail price index published yesterday showed an inflation rate of 11.4 per cent in the year to June. So allowing for the 7.5 per cent of interest credited to their accounts they have suffered a significant drop in purchasing power.

For do their prospects look much better for the year ahead. Under pressure from the Government, the societies have limited the rise in the mortgage rate, and are raising the investment rate only to 8.75 per cent—which grosses up to 12.4 per cent, below the competitive three-month local authority rate. The societies are gambling that interest rates generally will soon start to ease. But year-on-year inflation is set to climb past 15 per cent next month, boosted by the Budget tax measures, and is still likely to be well into double figures next June. Meanwhile house owners on £125m/130m look to be in order. £46m.

Thorn's accounting is an over-optimistic view of the group's long-term prospects. The group has a long history of a ruthless rate, and although it is still paying out on a tax in respect of rental value, the balance sheet is remarkably strong—the convertible has almost all been converted, and net debt was less than 10 per cent of shareholders' funds at the end of March. Even in a poor year in the midst of its capital expenditure programme, the group has generated a healthy surplus. At 40p, the shares trade at 7 times reported earnings.

Town and City

Town and City could do with some of the cheap finance available to home buyers. The group's lengthy lines of floating rate bank credits are once again proving expensive. In the week ending August 1, the group's T and C's property portfolio, the same level of loss, some £8.5m pre-tax, as in the same period last time. The level of debt continues to fall, however, thanks to property sales and the group is still making progress towards financial health.

In the current year interest rates have risen to even higher levels, which cannot help the crucial question is what is happening to the value of T and C's property portfolio. Most commercial property values have been dropping recently, so there are good reasons for being optimistic. Yet the annual report has nothing new to say on the subject and the valuations are mostly so old as to make the balance sheet redundant so far as its indications are concerned. But there is a straw in the wind. Since the year-end, T and C has sold property with a book value of £7m for £2m. This promises to reverse the steady erosion of net worth, and raises hopes that the end of the tunnel is not too far away. At 18p the market capitalisation of current plans will pay an

Extra Income

Schlesinger Extra Income Trust 9.1% per annum

Following the drastic reductions in direct personal taxation in the Budget, there is now a major incentive for many more people to save and invest for income. Whilst stockmarket prospects will be affected by the current problems of oil shortages and inflation in the short term, Schlesingers believe that this may well result in a most attractive buying opportunity for investors taking a medium to long-term view. Schlesingers now particularly favour high-yielding ordinary shares which should also attract new investor support.

All equities. Such ordinary shares or "equities" comprise the entire portfolio of Schlesinger Extra Income Trust. It is a diversified portfolio of over 100 carefully selected stocks, many of which are smaller companies. Whilst a still higher yield could be obtained by investing in fixed interest stocks, such investments cannot increase their income and have less potential for capital growth. Since launch the offer price of the units has risen 28% and the F.T. Industrial Ordinary Index 6%.

Quarterly income growth. Because it is invested entirely in equities the Extra Income Trust also provides the potential for income growth. Indeed, since the launch of the Trust in May 1977, there have been eight quarterly payments, each one higher than the previous one.

Short-term problems often provide long-term buying opportunities. Schlesingers are currently offering investors an opportunity to buy PIMS for 6 months, without any commitment. This will include a free monthly PIMS report and a special dividend in the form of a PIMS meeting in the autumn. Schlesingers Monthly Income Portfolio is also available and provides a similar investment in their high-yielding trusts - Extra Income, Income and Preference - GIC. It currently offers a yield of over 9% gross per annum with interest being paid on the 1st of every month.

The current estimated gross yield on the offer price of 32.1p is 9.1%. Payments are made on March 1st, June 1st, September 1st and December 1st, starting September 1979 for new investors. Any investment should be regarded as long term.

Form with fields for Name, Address, Telephone, and checkboxes for investment options. Includes a small owl logo.

Schlesinger Extra Income Trust. Schlesingers manage over £200,000,000 of private, institutional, and pension funds.

